ANNUAL REPORT

OF THE

Indian Merchants' Chamber

FOR THE YEAR

1938

presented to the Annual General Meeting of the Chamber held on 25th January, 1939.

Published by

J. K. MEHTA, M.A.

SECRETARY, INDIAN MERCHANTS' CHAMBER,

LALJI NARANJI MEMORIAL

INDIAN MERCHANTS' CHAMBER BUILDING,

BACK BAY RECLAMATION, FOR[illegible]BAY

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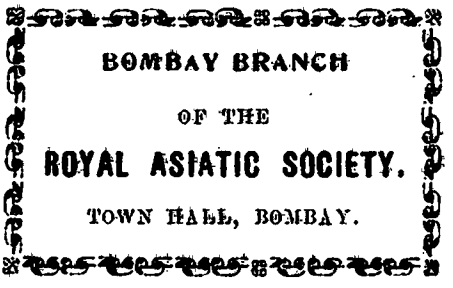
1939



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LIST OF MEMBERS

OF

THE INDIAN MERCHANTS' CHAMBER

1939

Honorary Member :-

MAHATMA GANDHI

LIST OF MEMBERS

of

THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Trade.	Address.
1	Mr. Chunilal Devkaran Nanji	Messrs. Chugondas & Co. ..	Share Brokers	17, Elphinstone Circle, Fort, Bombay.
2	,, Bhagwandas Munmohundas ..	,, Munmohundas Ramji & Co.	Millowners, Agents and Piecegoods Merchants.	Patel House, Churchgate Street, Fort, Bombay.
3	,, Chatrabhuj Morarji ..	,, Morarji Velji & Sons	Piecegoods Merchants	Kalbadevi Road, Kolbhat Street, Bombay.
4	,, Jamnadas Devidas ..	,, Jethabhai Govindji & Co.	do.	Mulji Jetha Market, Sir Vithaldas Galli, Bombay.
5	,, Jethabhai Kalyanji ..	,, Valji Shamji & Co. ..	– do.	Mulji Jetha Market, Chowk, Bombay.
6	Mr. Karsandas Thackersey	Messrs. Damodar Haridas & Co.	Piecegoods Merchants	Mulji Jetha Market, Chikhal Galli, Bombay.
7	,, Devidas Madhowji Thackersey	,, Madhowji Thackersey & Sons	do.	Bombay Co-operative Ins. Building, Sir P. M. Road, Bombay.
8	,, Ramdas Madhowji ..	,, Ramdas Madhowji & Co.	do.	Mulji Jetha Market, New Narayan Chowk, Bombay.
9	,, Vithaldas Damodar Govindji	,, Damodar Govindji Sons & Co. ..	do.	Plot No. 24-A, Worli, Bombay.
10	,, Morarji Hemraj Kanji	,, Hemraj Kanji & Co.	do.	Mulji Jetha Market, New Govind Chowk, Bombay.
11	,, Hiralal Amritlal Shah	Mr. Hiralal Amritlal Shah	do.	Dahyabhai Bldg., 8 Chaupaty Sea Face, Bombay.
12	,, Haridas Purshottam Govindji	Messrs. Purshotam Govindji & Co.	do.	Mulji Jetha Market, Chowk, Bombay.
13	,, Bhagwandas Vassanji	,, Kanji Karsan & Co.	do.	36, Pedder Road, Bombay.
14	,, Mathuradas Dwarkadas	,, Lalji Naranji & Co. ..	Piecegoods Merchants and Mill Agents.	Ewart House, Tamarind Lane, Fort, Bombay.
15	,, Vaman Shridhar Apte	,, Vaman Shridhar Apte & Co.	Piecegoods Merchants	Mulji Jetha Market, Govind Chowk, Bombay.
16	,, Krishnaraj M. D. Thackersey	,, Thackersey Moolji & Co.	Millowners, Agents and Piecegoods Merchants	16, Apollo Street, Fort, Bombay.
17	,, Chaturbhuj Gordhandas Sunderdas ..	,, Mooljee Jaitha & Co.	Cotton	Ewart House, Tamarind Lane, Fort, Bombay.
18	,, Gordhandas Govindji	,, Morarji Govindji & Co.	Piecegoods Merchants	Mulji Jetha Market, Chikhal Galli, Bombay.

No.	Representative.	Member.	Trade.	Address.
19	Mr. Mulji Goculdas ..	Messrs. Dharamsey Rattansey	Piecegoods Merchants	Laxmidas Khimji Market, Shaik Memon St., B'bay.
20	,, Ramdas Ranchordas Thakersey	,, Ranchordas Thakersey & Sons.	do.	454-458, Popatwadi Corner, Kalbadevi Road, Bombay.
21	,, Jamnadas Harakhji Sanghvi	,, L. Jamnadas & Co.	do.	82, Dady Seth Agiari Lane, Bombay.
22	,, Jethmal Narandas ..	,, Jethmal Narandas & Co.	do.	Mulji Jetha Market, Sancha Galli, Bombay.
23	,, Dwarkadas Meghji ..	,, Haridas Keshavji & Co.	do.	Khan Bldg., Girgaum Road, Bombay.
24	,, Manilal Revashanker	,, Revashanker Jagjivan & Co.	Jewellers	Khara Kuva, Shaik Memon Street, Bombay.
25	Sir Purshotamdas Thakurdas Kt. ..	,, Narandas Rajaram & Co.	Cotton	Navsari Chambers, Outram Road, Fort, Bombay.
26	Mr. Govindji Ratansi Mulji	Mr. Govindji Ratansi Mulji	Share Broker	Mercantile Chambers, Ballard Estate, Fort, Bombay.
27	,, Dhanjibhoy B. Petit	Messrs. Dhanjibhoy B. Petit & Co.	General Merchants	Union Bank Bldg., Apollo Street, Fort, Bombay.
28	,, Govindlal Shivla ..	,, Raja Bahadur Shivlal Motilal	Shroff	"Shri Sadan", 15, Land's End Road, M. Hill, Bombay.
29	Mr. S. R. Bomanji ..	Mr. S. R. Bomanji.	Machinery and Millstores	Forbes Street, Fort, Bombay.
30	,, Hansraj Jivandas ..	Messrs. Khimji Vishram & Co.	Cotton	Dana Bunder, Broach Street, Bombay.
31	,, Kaikobad Cowasji Dinshaw .	,, Cowasji Dinshaw & Bros.	Millowners and Agents	121, Medows Street, Fort, Bombay.
32	,, Mathuradas Vissanji ..	Mr. Mathuradas Vissanji ..	Cotton	9, Wallace St., Fort, Bombay.
33	,, Govindram Harsomal	Messrs. Tarachand Ghanshamdas	Shroff	Jhaveri Bazar, Shaik Memon Street, Bombay.
34	,, Karsandas Mulji Jetha	Mr. Karsandas Mulji Jetha	Cotton	Ewart House, Tamarind Lane, Fort, Bombay.
35	,, Khimji Shamji ..	The Grain Merchants' Association ..	Trade Association	262, Musjid Bunder Road, Bombay.
36	,, Jamnadas Kalianji Negandhi	The Indian Mercantile Insurance Co. Ltd. ..	Insurance	Co-operative Insurance Building, Sir P. M. Road, Fort, Bombay.
37	,, N. M. Raijee ..	Messrs. S. B. Billimoria & Co.	Auditors	113, Esplanade Road, Fort, Bombay.
38	,, R. D. Lam ..	,, Tata Sons, Ltd. ..	Millowners & Agents	Bombay House, Bruce St., Fort, Bombay.
39	,, Dadabhai J. Registrar	The Berar Mfg. Co. Ltd. ..	Textile Mills	Kent House, Sir P. M. Road, Fort, Bombay.
40	,, Hirjibhai Shapurji Patuck	Messrs. H. S. Patuck & Co.	Import-Export	Nagri Building, Custom House Road, Fort, Bombay.
41	Sir Kikabhai Premchand, Kt.	,, Premchand Roychand & Sons Ltd.	Share Brokers	Apollo Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
42	Dr. M. Venkatrao ..	Messrs. N. Powell & Co. ..	Pharmaceutical and Surgical Instruments	Lamington Road, Bombay.
43	Mr. Nahalchund Laloochund	Mr. Nahalchund Laloochund	Yarn	Tamba Kanta, Pydhonie, Bombay.
44	,, Bharata K. S. Aiyar ..	Messrs. K. S. Aiyar & Co. ..	Auditors	65, Apollo St., Fort, Bombay.
45	,, Dulerai Vanechand Desai	,, Hirachand Vanechand Desai & Co. ..	Cotton	22, Apollo Street, Bombay.
46	Prof. Sohrab R. Davar ..	,, Davar's College of Commerce ..	Commercial Institute	80-82, Esplanade Road, Fort, Bombay.
47	Mr. Phirozeshaw N. Mehta	,, P. N. Mehta & Co.	Yarn, Piecegoods and Machinery Importers	Cook's Building, Hornby Road, Fort, Bombay.
48	,, Nandlal Kilachand ..	,, Kilachand Devchand & Co. Ltd. ..	Grain	Allahabad Bank Building, Apollo St., Fort, Bombay.
49	,, H. C. Captain ..	The Central Bank of India Ltd.	Bankers	Esplanade Road, Fort, Bombay.
50	,, Mohanlal Ambalal Parikh	The Bombay Shroff Association	Trade Association	Shroff Bazar, Shaik Memon Street, Bombay.
51	,, Mathuradas Govindji	Messrs. Gokalbhai Dolatram & Co.	Cotton	170-72, Kalbadevi Road, Bombay.
52	,, Liladhar Javerchand	,, Mulchand Vussanji & Co.	do.	90, Bazar Gate Street, Fort, Bombay.
53	Mr. Dwarkadas Tribhovandas	Mr. Dwarkadas Tribhovandas	do.	Shingani Building, Marwari Bazar, Bombay.
54	,, R. D. Patel	Messrs. Patel Bros.	do.	Patel House, Churchgate St., Fort, Bombay.
55	,, Hormasji D. Jassoobhoy	,, Chandabhoy & Jassoobhoy	Auditors	Gustad Chambers, Sir P. M. Road, Fort, Bombay.
56	,, Fakirmahomed C. L. Sajun	,, C. L. Sajun & Co. ..	Rice	Carnac Bunder, Bombay.
57	,, M. V. Subiah	The Commission and General Agency	Commission Agents and Contractors	Ali Building, Nagarthpet, Bangalore City.
58	,, Dwarkadas Kalyandas	Mr. Dwarkadas Kalyandas	General Merchant	Ridge Road, Malabar Hill, Bombay.
59	,, Lakhmidas Rowji Tairsee	Messrs. Lakhmidas & Co. ..	Commission Agents	253, Walkeshwar Road, Bombay.
60	,, Kirtilal Manilal ..	,, Surajmal Lallubhai & Co.	Jewellers	Kalbadevi Road, Bombay.
61	,, Maneklal A. Mehta ..	,, Nagindas & Maneklal	Income-tax Experts	Jiji House, Ravelin Street, Hornby Road, Fort, Bombay.
62	,, Gordhandas Jadhavji	The Bombay Yarn, Copper and Brass Native Marchants' Association	Trade Association	Tamba Kanta, Pydhonie, Bombay.
63	,, Dalpatram B. Trivedi	Messrs. Trivedi & Co. ..	Iron	Navsari Chambers, Outram Road, Fort, Bombay.
64	,, N. C. Khorana ..	The Punjab National Bank Ltd.	Bankers	Kent House, Sir P. M. Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
65	Mr. Vithaldas Purshotam	Messrs. Pitamber & Co. ..	Freight Brokers & Coal Merchants	Scindia House, Dougall Rd., Ballard Estate, Fort, Bom.
66	,, Bhailal Dajibhai Amin	The Alembic Chemical Works Co. Ltd.	Pharmaceutical and Spirits	Baroda Camp.
67	,, A. D. Shroff	Messrs. Batlivala & Karani	Share Brokers	Dalal Street, Fort, Bombay.
68	,, Maneklal Manilal Ranchhoddas Pari ..	Mr. Maneklal Manilal Ranchhoddas Pari ..	Shroff	Manek Chowk, Ahmedabad.
69	,, M. A. J. Noble ..	,, M. A. J. Noble ..	General Merchant	Graham Bldg., Parsi Bazar St., Fort, Bombay.
70	,, Shoorji Vallabhdas ..	Messrs. Shoorji Vallabhdas & Co.	Piecegoods Merchants	Cutch Castle, Sandhurst Road, Bombay.
71	,, Jiwandas Doongursee	,, Doongursee & Sons	Wool Merchants	59, Forbes Street, Fort, Bombay.
72	,, Ramnivas Ramnarain	,, Harnundrai Ramnarain	Cotton	C/o Phoenix Mill, Ltd., 143, Esplanade Road, Bombay.
73	,, T. M. Rangachari ..	Mr. T. M. Rangachari ..	Import-Export	Poonamallee High Road, Vepery, Madras.
74	,, Walchand Hirachand	,, Walchand Hirachand ..	Contractor & Commission Agent	Construction House, Ballard Estate, Bombay.
75	,, Mansukhlal Atmaram Master	,, Mansukhlal Atmaram Master	Shipping	Scindia House, Dougall Road, Ballard Estate, Bombay.
76	Mr. Damodar Govindji Madhowji	Messrs. Govindji Madhowji & Co.	Coal & Insurance Agents	16, Apollo Street, Fort, Bombay.
77	,, Bhagwandas Goverdhandas ..	Mr. Bhagwandas Goverdhandas ..	Cotton	9, Wallace Street, Fort, Bombay.
78	,, Mathuradas Canj Matani	Messrs. Kanji Dwarkadas	Rice	45-47, Modi Street, Fort, Bombay.
79	,, Madhavlal Makanji ..	,, Madhavlal & Co. Ltd.	Coal	Alice Building, Hornby Road, Bombay.
80	,, Nemchand Popatlal Vohora	,, C. K. Vohora & Co.	Machinery and Millstores	Saker Bazar Cross Lane, Railway Pura Post, Ahmedabad.
81	,, Nandlal Madhavdas ..	,, Amersey Damodar ..	Cotton	106, Bhuleswar Road, Bombay.
82	,, J. M. Cooper	,, K. & J. Cooper ..	Educational Publishers	598, Girgaum Tram Terminus, Bombay.
83	,, Harisukh Harilal ..	,, Lalji Godhoo & Co.	Spices	Samuel Street, Vadgadi, Bombay.
84	,, Manilal Balabhai ..	,, Manilal Balabhai & Co.	Import-Export	Lentin Chambers, Dalal St., Fort, Bombay.
85	,, Shantidas Askuran ..	Mr. Shantidas Askuran ..	Cotton	"Mahendra Nivas," Nepean Sea Road, Bombay.
86	,, Vyas Laxmishanker Narbadashanker ..	,, Vyas Laxmishanker Narbadashanker ..	do.	Detraj. (Viramgam)
87	Sir Ishwardas Lukhmidas, Kt.	Sir Ishwardas Lukhmidas, Kt.	Yarn	"Garden View", Hughes Road, Bombay.
88	Mr. Ishwarlal Ganpatram Gajjar	Mr. Ishwarlal Ganpatram Gajjar	Colour and Medicines	15 D, Carmichael Road, off Pedder Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
89	Mr. Vassanji Naranji Bhimji	Mr. Vassanji Naranji Bhimji	Landlord	Vadgadi, Mandvi, Bombay.
90	The Hon'ble Sir Rahimtulla M. Chinoy	Messrs. F. M. Chinoy & Co. Ltd.	Motor Cars, etc.	Band Stand, Chowpatty, Bombay.
91	Mr. Jal Hormasji Billimoria	,, Pallonjee Eduljee & Son	Sanitary Engineers & Contractors	New Charni Road, Girgaon, Bombay.
92	,, Velji Lukhamsi Nappoo	,, Nappoo Nensee & Co.	Grain	188, Argyle Road, Dana Bunder, Bombay.
93	,, Ali Mahomed Mecklai	,, Ali Mahomed Mecklai & Co.	Exchange, Finance & Bullion Brokers	99, Esplanade Road, Fort, Bombay.
94	,, J. H. Bhabha ..	The Tata Hydro Electric Power Supply Co. Ltd.	Eletric Power	Bombay House, Bruce Street, Bombay.
95	,, Dwarkadas Jekisondas	Mr. Dwarkadas Jekisondas	Landlord	Dwarkadas Mansion, Sandhurst Road, Bombay.
96	,, Hansraj Haribhai ..	Messrs. Hansraj & Co. ..	Share Brokers	Arya Bhuwan Bldg., Graham Road, Ballard Pier, Fort, Bombay.
97	,, Vallabhdas Runchordas	,, Vallabhdas Runchordas & Co. ..	Gramophones etc.	Mahim, Bombay.
98	,, Kapilram H. Vakil ..	Mr. Kapilram H. Vakil ..	Salt, Cousulting Chemist & Technologist	Navsari Building, Hornby Road, Bombay.
99	,, Baldevdas Dalshukhram Dave	Messrs. Somnath Rupjidas Patel	Raw Silk	35,3rd Bhoiwada, Bhuleshwar, P. O. Box. 2080, Bombay.
100	Mr. Dawood Haji Nassur	Messrs. Nassur Haji Mavji & Co.	Import-Export	Nassur Building, Mahomadalli Road, Bombay.
101	,, Amratlal Amerchand	,, Amratlal Amerchand & Sons	Grain	36, Kazi Sayed Street, Mandvi, Bombay.
102	,, Laxmidas G. Tejpal ..	Mr. Laxmidas G. Tejpal ..	Mining	7, Bastion Road, Fort, Bombay.
103	,, Morarji Premji Goculdas	Messrs. M. P. Goculdas & Co.	Insurance Agents	Yusuf Building, Churchgate Street, Fort, Bombay.
104	,, Behram N. Karanjia ..	Mr. Behram N. Karanjia ..	Silk and General Merchant	8, Carmichael Road, Bombay.
105	,, Sarabhai Prataprai ..	Mr. Sarabhai Prataprai ..	General	"Madhuli," Grant Road, Bombay.
106	,, Gordhandas Parshottamdas ..	Messrs. Narrondas Manordas & Co.	Jewellers	Shaik Memon Street, Bombay.
107	,, W. Millard ..	The New India Assurance Co. Ltd.	Insurance	Central Bank Building, Esplanade Road, Bombay.
108	,, Anandji Kanji ..	Messrs. Kanji Cursondas & Co.	Millowners & Agents	187, Hornby Road, Bombay.
109	,, Narandas Munmohandas Ramji	The Bombay Swadeshi Co-operative Stores Co. Ltd.	General Merchants	Sir P. M. Road, Fort, Bombay.
110	,, Maganbhai P. Amin ..	Messrs. Maganbhai Amin & Co.	Machinery and Millstores	105, Apollo Street, Fort, Bombay.
111	,, Dhirajlal Maganlal ..	,, Purshotam Pranvallubh & Co. ..	Share Brokers	Dalal St., Share Bazar, Bombay.
112	,, Aboobaker Abdulrehman	,, Aboobaker Abdulrehman & Co. ..	Cotton	14, Custom House Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
113	Mr. Parmanand Karsandas	Messrs. Parmanand Karsandas Hargovan ..	Piecegoods Merchants	Mulji Jetha Market, Chowk, Bombay.
114	,, S. D. Shethia	,, Shivji Dharamsey Shethia & Co. ..	Coal	Graham Building, Parsee Bazar St., Fort, Bombay.
115	,, Jamnadas Ramdas ..	,, Tulsidas Ramdas ..	Cotton	18-22, Marwari Bazar, Bombay.
116	,, Pragji Dayal Hariani	Mr. Pragji Dayal Hariani ..	General Merchant	112, D'Souza Street, Mandvi, Bombay.
117	,, Jivanlal Chimanlal Setalvad	Messrs. J. C. Setalvad & Co.	Insurance	Jehangir Wadia Building, Esplanade Road, Fort, Bombay.
118	,, Rattansey Hirji ..	,, Hirji Govindji & Co.	Grain	45, Baroda St., Dana Bunder, Bombay.
119	,, Mohanlal Hemchand Jhaveri	,, Chimanlal Mohanlal & Co.	Jewellers	Patel Building, Javeri Bazar, Bombay.
120	,, Chimanlal Keshavlal Shah	The Gujarat Oil Mill & Mfg. Co. Ltd.	Oil-millers	Asarva, Post Railwaypura, Ahmedabad.
121	,, Ratan C. Gazdar ..	Messrs. Bomanji C. Gazdar & Co.	Coal	16, Apollo Street, Fort, Bombay.
122	,, B. K. Setalvad ..	The Universal Fire & General Insurance Co. Ltd.	Insurance	Universal Building, Sir P. M. Road, Fort, Bombay.
123	Mr. Ramkumar Shrinivas Morarka	The Sholapoor Spg. & Wvg. Co. Ltd.	Textile Mills	Standard Bldg., Hornby Rd., Fort, Bombay.
124	,, Lakhmidas G. Dossa	Messrs. Goculdas Dossa & Co.	Cotton	22, Apollo Street, Fort, Bombay.
125	,, Dorab Bomanji Kapadia	Mr. Dorab Bomanji Kapadia	Insurance Agent	C/o Mr. N. H. Katrak, Hirji Mansion, Gowalia Tank Road, Bombay.
126	,, Motiram Waghji ..	,, Motiram Waghji ..	Piecegoods	C/o Pragji Liladhar, New Chinch Bunder, Bombay.
127	,, Ratanchand Hirachand	The Premier Construction Co. Ltd.	Contractors	Construction House, Ballard Estate, Bombay.
128	,, Nensey Tejpal ..	Mr. Nensey Tejpal	Contractor	Nana Colaba, Thomas Street, Bombay.
129	,, Behram N. Karanjia	The Silk Merchants' Association	Trade Associatian	Dahanukar Building, Kalbadevi Road, Bombay.
130	,, S. J. Pandya	The Scindia Steam Navigation Co. Ltd.	Steamship Company	Scindia House, Dougall Rd., Ballard Estate, Fort, Bom.
131	,, Hooseinbhoy A. Lalljee	Messrs. Abdullabhoy Lalljee & Co.	General Merchants	Western India House, Sir P. M. Road, Bombay.
132	Sir M. Visvesvaraya, K.C.I.E.	Sir M. Visvesvaraya, K.C.I.E.	General Business	Uplands, High Ground, Bangalore.
133	Mr. M. G. Metha	Messrs. Bakubhai Ambalal & Co.	Import-Export	Mohamed Building, 27, Bastion Road, Fort, Bombay.
134	,, A. M. Lala . ..	,, Nanavati Vevaina & Co.	Coal	Scindia House, Dougall Rd., Ballard Estate, Bombay.
135	,, Mathuradas Dwarkadas	The Jupiter General Insurance Co. Ltd. ..	Insurance	Ewart House, Tamarind Lane, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
136	Mr. B. M. Bhargava ..	The Union Bank of India Ltd.	Bankers	Apollo Street, Fort, Bombay.
137	,, Nemchand Abhechand	The Pearl Merchants and Jewellers' Association.	Trade Association	25-39, Mumbadevi Road, Bombay.
138	,, Manmohandas Madhavdas Amersey ..	Messrs. Amersey & Sons ..	Cotton	Wakefield House, Sprott Road, Ballard Estate, Bombay.
139	,, Ratansi Karsondas ..	,, Karsondas Ranchhordas	Commission Agents and Contractors	66, Bazar Gate Street, Fort, Bombay.
140	,, Jehangir P. Katgara ..	,, Jeena & Co.	Import-Export	Gresham Building, Esplanade Road, Fort, Bombay.
141	,, Morarji Mulraj Khatau	The Khatau Makanji Spg. & Wvg. Co. Ltd. ..	Textile Mills	Laxmi Building, 2 B, Ballard Pier, Bombay.
142	,, Khursedji Limji ..	The Bombay Cycle and Motor Agency Ltd.	Motor Cars, etc.	534, Sandhurst Bridge, Chowpatty, Bombay.
143	,, Nussurwanji S. Guzder	Messrs. Nussurwanji S. Guzder & Co. ..	General Merchants	Canada Building, Home Street, Fort, Bombay.
144	,, Gordhandas Goculdas Morarji	Mr. Gordhandas Goculdas Morarji	Piecegoods	Rajab Mahal, Churchgate Reclamation, Bombay.
145	,, B. Dss	,, B. Das	Consulting Engineer	P. O. Chandani Chowk, Cuttack.
146	Mr. Chaturbhuj Khiasee	Messrs. Chaturbhuj Khiasee & Co.	Rice	81-83, Chinch Bunder Road, Bombay.
147	,, S. D. Saklatvala ..	,, Tata Mills Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
148	Sir Homi Mody, K.B.E. ..	The Swadeshi Mills Co. Ltd.	do.	Bombay House, Bruce Street, Fort, Bombay.
149	Mr. Mafatlal Gagalbhai ..	The Standard Mills Co. Ltd.	do.	29, Rustom Building, Churchgate St., Bombay.
150	,, Chamanlal Girdhardas Parekh	The Industrial Bank of Western India Ltd.	Bankers	Mirzapur Road, Ahmedabad.
151	,, Ahmed Habib ..	Messrs. Khoja Mithabhai Nathoo	Import-Export, Metal, Cotton & Oilseeds	Hanuman Building, Tamba Kanta, Bombay.
152	Sir Hormasji P. Mody, K.B.E.	Sir Hormasji P. Mody, K.B.E.	Merchant & Industrialist (Tata's)	Cumballa Hill, Bombay.
153	Mr. Shantikumar Narottam Morarjee	Mr. Shantikumar Narottam Morarjee	Shipping	Juhu, Via Santa Cruz.
154	,, C. B. Nanavati ..	The Eastern Bankerers Ltd.	Coal	Scindia House, Dougall Road, Ballard Estate, Fort, Bombay.
155	,, Shiavax C. Cambata	Messrs. Shiavax C. Cambata & Co. Ltd. ..	Colliery Agents, Stevedores, Dubash & Contractors	Cambata Building, Queen's Road, P. O. Box. No. 416, Bombay.
156	Khan Bahadur Phirojshaw D. Patel	Khan Bahadur Phirojshaw D. Patel	Piecegoods and Commission Agents	Central Bank Bldg., Esplanade Road, Fort, Bombay.
157	Mr. Chunilal B. Mehta ..	The Bombay Bullion Exchange Ltd. ..	Trade Association	171, Shroff Bazar, Bombay.

No.	Representative.	Member.	Trade.	Address.
158	Mr. Mafatlal Gagalbhai ..	Mr. Mafatlal Gagalbhai ..	Millowner & Agent	29, Rustom Building, Churchgate St., Bombay.
159	,, M. C. Ghia	Messrs. M. C. Ghia & Co. ..	Millstores, Oil, Colour, etc.	28, Apollo Street, Fort, Bombay.
160	The Hon'ble Raja Sir S. R. M. Annamalai Chetty.	The Hon'ble Raja Sir S. R. M. Annamalai Chetty	Bankers	"Natana Vilas," 38, P. C. Road, Vepery, Madras.
161	Mr. Nagindas G. Shah ..	Messrs. Sankalchand G. Shah & Co.	Yarn, Sugar, Cotton, Metal, Piecegoods Brokers & Import-Export	Hanuman Building, Tamba Kanta, Bombay.
162	,, Meyer Nissim	Mr. Meyer Nissim	Import-Export	Menkwa Building, Outram Road, Fort, Bombay.
163	,, J. D. Writer	Dr. D. Writer & Co. ..	Confectionery	Bhavanishankar Road, Dadar, Bombay.
164	,, Popatlal Girdharlal ..	Messrs. Popatlal Girdharlal & Co.	Yarn and Machinery	49, Apollo Street, Fort, Bombay.
165	,, Keshavprasad C. Desai	The Industrial & Prudential Assurance Co. Ltd.	Insurance	Jehangir Wadia Building, Esplanade Road, Bombay.
166	Rai Saheb Baboo Motilalji	Messrs. Rai Bahadur Bhagchand	Bankers	Juhar Palace, Kalbadevi Road, Bombay.
167	Mr. Dhirajlal C. Modi ..	The Gujarati Type Foundry	Type Founders and Machinery	Gaiwadi, Girgaon, Bombay.
168	Mr. Manu Subedar ..	Mr. Manu Subedar	General Merchant	Kodak House, Home St., Fort, Bombay.
169	,, G. F. Munshi ..	The Gujrat Islam Match Mfg. Co. Ltd.	Match Manufacturers	Kankaria Road, Ahmedabad.
170	,, Kalyanbhai Sarabhai Javeri	Messrs. Sarabhai & Sons ..	Import-Export and Commission Agents	317-21, Hornby Rd., Bombay.
171	,, Jagjivan Ujamshi Mulji	The Sugar Merchants' Association ..	Trade Association	Sugar Market, Bombay.
172	,, M. J. Buch ..	The Indian Co-operative Navigation & Trading Co. Ld.	Shipping	Scindia House, Dougall Rd., Ballard Estate, Bombay.
173	,, C. R. H. Readymoney	India International Co. ..	Import-Export and Commission Agents	Readymoney Mansion, Churchgate St., Bombay.
174	,, Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee	Bankers	205-207-209, Kalbadevi Road, Bombay.
175	,, S. Bhattacherjee ..	The Bengal Luxmi Cotton Mills Ltd. ..	Textile Mills	28, Pollock Street, Calcutta.
176	,, Bhogilal Laherchand Javeri	Messrs. Batliboi & Co. ..	Machinery; Millstores, Pearl & Diamond Merchants	Forbes Street, Fort, Bombay.
177	,, Mahomed Akbar A. Fazalbhoy	,, A. Fazalbhoy & Sons	Radio, Motor cars, etc.	C/o Bombay Radio Co. Ltd., 16, New Queen's Rd., Bom.
178	Sir Byramjee Jeejeebhoy, Kt.	Sir Byramjee Jeejeebhoy, Kt.	General Merchant	Alice Building, Hornby Road, Fort, Bombay.
179	Mr. B. S. Lalkaka ..	The Pioneer Magnesia Works	Chloride Manufacturers	Chartered Bank Building, Esplanade Rd., Fort, Bom.
180	,, Dharamsey Mulraj Khatau	Mr. Dharamsey Mulraj Khatau ..	Cement	Laxmi Building, 2B Ballard Pier, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
181	Mr. Jehangir Ruttonji Dubash	Mr. Jehangir Ruttonji Dubash ..	Grain, Sugar and Spices	24, Carnac Bridge Road, Akbar Press, Bombay.
182	,, Govinddas Maneklal ..	,, Govinddas Maneklal ..	General Merchant	Mathuresh Bhuvan, Shahi Baug, Ahmedabad.
183	,, Purshotamdas Harkisondas Shah	Messrs. Bhaidas Cursondas & Co. ..	Cotton	16, Apollo Street, Fort, Bombay.
184	,, Bhagwandas Ramchund	,, Narottamdas Ramchund & Co. ..	Brokers	C/o Mackinon Mackenzie & Co., Ballard Estate, Bom.
185	,, Vrajlal Jivandas ..	,, Laxmidas Vrajlal & Co. ..	Piecegoods	100-102, V. J. Patel Road, Bombay.
186	,, J. K. Dubash	Mr. J. K. Dubash	Landing & Shipping Brokers	Dady House, Churchgate Street, Bombay.
187	,, Ratansi Mulji	Messrs. Vussonji Morarji ..	Cotton Brokers	36, Holi Chakla, Fort, Bombay.
188	,, Ratilal Mulji Gandhi	,, R. Ratilal & Co. ..	Grain & Seeds, Cotton and Commission Agents	Teju Kaya Building, Old Chinch Bunder Road, Bombay.
189	,, Jagmohundas Kaliandas ..	Mr. Jagmohundas Kaliandas	Broker and Landlord	"Krishna Kunj", Ridge Road, Bombay.
190	,, D. S. Captain	Messrs. Captain & Vaidya ..	Solicitors	121, Esplanade Road, Fort, Bombay.
191	Mr. Lachmandas Harkhchand Daga ..	Messrs. Rai Bahadur Bansilal Abirchand	Millowners and Bankers	18/22, Shaik Memon Street, Bombay.
192	,, Nanji Ladhabhai ..	,, Kurpal Harsi & Co.	Rice	New Chinch Bunder Road, Bombay.
193	,, Chunilal B. Mehta ..	,, Chunilal Mehta & Co. Ltd.	Cotton and Bullion	51, Marwari Bazar, Bombay.
194	,, Ratilal M. Nanavati ..	,, Kantawala Nanavati & Co. Ltd.	Chemicals and Millstores	16, Apollo St., Fort, Bombay.
195	,, Manu Subedar ..	,, Jeewanlal (1929) Ltd.	Aluminium ware Merchants & Manufacturers	Kodak House, Hornby Road, Bombay.
196	,, Rasheed N. Futehally	,, N. Futehally & Co.	Import-Export	19, Bank Street, Fort, Bombay.
197	,, Ballabhdas Eshwardas Agrawal	Mr. Ballabhdas Eshwardas Agrawal ..	Cotton, Grain and Railway Contractor	183, Hornby Road, Fort, Bombay.
198	,, Bhawanji A. Khimji	Messrs. Arjan Khimji & Co.	Cotton	Gustad Chambers, Sir P. M. Road, Fort, Bombay.
199	,, Karamchand Chunilal	Mr. Karamchand Chunilal ..	Share Broker	Sital Mahal, 64, Walkeshwar Road, Bombay.
200	,, Kasturbhai Lalbhai ..	,, Kasturbhai Lalbhai ..	Millowner & Agent	Pankore's Naka, Ahmedabad.
201	,, Rustom Pestonji Masani ..	,, Rustom Pestonji Masani	General Merchant	Varsova, Via Andheri.
202	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath Pophale	Ginning & Pressing Factory	Malegaon (District Nasik).
203	Mr. Pannalalji Hiralalji ..	The Mahaboob Shahi Kulbarga Mills Co. Ltd.	Textile Mills	1727, Gunj Bazar, Secunderabad (Dn.)

No.	Representative.	Member.	Trade.	Address.
204	Mr. M. L. Dahanukar ..	Messrs. M. L. Dahanukar & Co. Ltd. ..	Building Contractor	Shri Krishna Nivas, Kalbadevi Road, Bombay.
205	,, A. R. Dalal	The Tata Iron & Steel Co. Ltd.	Iron & Steel Manufacturers	Bombay House, Bruce Street, Fort, Bombay.
206	,, Karsandas Vissanji ..	Messrs. Vissanji Sons & Co.	Wheat and Flour Merchants	9, Wallace Street, Fort, Bombay.
207	,, Motilal Bawalal ..	Mr. Motilal Bawalal ..	Share Broker	Agakhan Building, Dalal Street, Fort, Bombay.
208	,, S. C. Majumdar ..	Hindusthan Co-operative Insurance Society Ltd.	Insurance	Commissariat Bldg., Hornby Road, Fort, Bombay.
209	,, Hargovandas Jeevandas ..	Mr. Hargovandas Jeevandas	Cotton Broker	Diamond Bldg., Lohar Chawl, Bombay.
210	,, Ebrahim Curmally ..	Messrs. Curmally Janmahomed ..	Import-Export	160-62, Samuel Street, Bombay.
211	,, N. W. Gurjar ..	,, Kirloskar Bros. Ltd.	Manufacturers of Agricultural Implements	Kirloskarvadi (Dist. Satara).
212	,, M. L. Dahanukar ..	The Maharashtra Chamber of Commerce ..	Chamber of Commerce	Construction House, Ballard Estate, Fort, Bombay.
213	,, Jayantilal Devidas ..	Mr. Jayantilal Devidas ..	Iron Merchant	Carnac Bunder, Bombay.
214	Sir Dhanjisha B. Cooper, Kt.	Messrs. Cooper & Co., Ltd.	Manufacturers of Agricultural Implements	"Huntworth" Satara.
215	Mr. Reginald Heber Parker ..	Bombay Telephone Co. Ltd.	Telephones	Home Street, Fort, Bombay.
216	,, G. K. Dalal ..	Messrs. Dalal & Mehta ..	Architects, Engineers and Surveyors	41, Medows Street, Fort, Bombay.
217	,, G. S. Mahomed ..	Mr. G. S. Mahomed ..	Import-Export and Consular Agent	P. O. Box No. 3052 Bombay 3.
218	,, Tulsidas Khimji ..	Mr. Tulsidas Khimji ..	Cotton	46, Churchgate Street, Fort, Bombay.
219	,, Jagmohandas J. Kapadia ..	,, Jagmohandas J. Kapadia	Share Broker	New Stock Exchange Bldg., Room No. 102, Dalal St., Fort, Bombay.
220	,, A. A. Jasdenvala ..	Messrs. Adamji Lookmanji & Co.	Iron, and Kerosene	Laxmi Bldg., Sir P. M. Road, Fort, Bombay.
221	,, D. Cowasji	,, D. Cowasji & Co.	Wine, Provisions, Import and Army Contractors	20, Fort St., Fort, Bombay.
222	,, Fulchand Manekchand Shah	,, Virchand Panachand & Co.	Import-Export	Gaumukh Bhuvan, Masjid Bunder Road, Bombay.
223	,, Khimji Madan Bhujpuria ..	The Bombay Grain Dealers' Association	Trade Association	Bhat Bazar, Mandvi, Bombay.
224	,, Nagindas Tribhowandas Master	Mr. Nagindas Tribhowandas Master	Solicitor	94, Medows Street, Fort, Bombay.
225	Sir Hormusji M. Mehta, Kt.	Messrs. H. M. Mehta & Co. Ltd.	Millowners and Merchants	Maneckji Wadia Building, Esplanade Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
226	Mr. Hemchand Mohanlal..	Messrs. Hemchand Mohanlal & Co.	Diamond Merchants	Dhanji Street, Bombay.
227	,, Erachshaw R. Heerjibehedin	Mr. Erachshaw R. Heerjibehedin	Press and Newspaper publishing	Kaiser-Chambers, Elphinstone Circle, Fort, Bombay.
228	,, Mangaldas B. Mehta ..	Messrs. Amarchand & Mangaldas	Solicitors	Lentin Chambers, Dalal Street, Fort, Bombay
229	,, Dewjee Tokarsee Moolji	Mr. Dewjee Tokarsee Moolji	Rice	Bhat Bazar, Mandvi, Bombay.
230	,, Khatau Valabhdas ..	Messrs. Valabhdas Tejpal ..	Merchant and Commission Agent	219, Vadgadi, Bombay.
231	,, Fakirjee Cowasji ..	,, Cowasji & Sons ..	Stevedores and Coal Merchants	Kimari, Karachi.
232	,, Choonilal Girdharlal ..	,, Choonilal Manilal Ltd.	Coal Merchants	Yusuf Building, Esplanade Road, Fort, Bombay.
233	,, Ratilal Mulji Gandhi ..	The Seeds Traders' Association ..	Trade Association	Jenabai Building, Musjid Bunder Road, Bombay.
234	Sir Chunilal V. Mehta, K.C.S.I.	Sir Chunilal V. Mehta, K.C.S.I.	Mill Agent and Merchant	Queen's Mansion, Prosscott Road, Fort, Bombay.
235	Mr. Amritlal Popatbhai ..	Messrs. Amritlal Popatbhai & Co.	Share Brokers	Agakhan Building, Dalal St., Fort, Bombay.
236	,, Ranchhoddas Jethabhai	,, Ranchhoddas Jeyram & Sons	Rice and Commission Agents	Dongri Street, Bhat Bazar, Bombay.
237	*Mr. K. S. Ramchandra Iyer*	*The Indian Insurance Companies' Association*	Trade Association	Jehangir Wadia Building, Esplanade Road, Fort, Bombay.
238	,, Morarji Padamsey ..	Mr. Morarji Padamsey ..	Millowner & Agent	Ewart House, Tamarind Lane, Fort, Bombay.
239	,, Thakordas Nanabhai Merchant	,, Thakordas Nanabhai Merchant ..	Solicitor	Arab's Bunglow, Khetwadi Main Road, Bombay.
240	,, Gopaldas Poonja ..	Messrs. Khimji Poonja & Co.	Share and Cotton Brokers	19-21 Dalal Street, Fort, Bombay.
241	Sir Cowasji Jehangir, Bart.	Sir Cowasji Jehangir, Bart.	Merchant and Landlord	Readymoney Mansion, Churchgate St., Fort, Bom.
242	Mr. Balwantrai Mehta ..	Messrs. Saurashtra Ltd. ..	Printers and Publishers	Pauranik Nivas, Shanti Niketan Society, Ahmedabad.
243	,, Dhansukhlal C. Mehta	,, Mehta Vakil & Co.	Share Brokers	Dalal Street, Fort, Bombay.
244	,, Abdultyeb E. Muskati	Mr. Abdultyeb E. Muskati	General Merchant	Muskati House, Mahomedally Road, Bombay.
245	,, Venkatnarayan Patruni	,, Venkatnarayan Patruni	Art Silk Yarn	275, Telang Road, Matunga, Bombay.
246	,, Cassumally Munjee ..	Messrs. Munjee Nathoobhoy & Co.	Cotton and Kerosene	Munjee House, 18-20 Rampart Row, Fort, Bombay.
247	,, K. J. Divecha	,, Wright & Co. ..	Chemists & Druggists	Mint & Frere Road, Fort, Bombay.
248	,, Shivjee Devjee.. ..	,, Devjee Khetsey & Co.	Rice Merchants	New Chinch Bunder Road, Bombay.
249	,, Naranlal Jiwanlal ..	The Ahmedabad New Standard Mills Co. Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.

No.	Representative.	Member.	Trade.	Address.
250	Mr. Nanji Ladhabhai ..	The Bombay Rice Merchants' Association	Trade Association	Carnac Bunder, Bombay.
251	,, Shah Shamji Vallabhji	Mr. Shah Shamji Vallabhji	Piecegoods and selling agent to mills	Mulji Jetha Market, Dharamraj Gally, Bombay.
252	,, P. A. Narielwala ..	The Tata Oil Mills Co. Ltd.	Oilmillers and Toilet requisites manufacturers	Bombay House, Bruce Street, Fort, Bombay.
253	,, Hargovindas B. Kotak	Messrs. Kotak & Co. ..	Cotton Export	Navsari Building, Hornby Road, Fort, Bombay.
254	,, Anandji Haridas ..	The Bombay Iron Merchants' Association	Trade Association	Carnac Bunder, Bombay.
255	Capt. J. D. Kothawala, J.P.	Messrs. Polson Mfg. Co. ..	Coffee & Butter Manufacturers	217-219, Frere Road, Fort, Bombay.
256	Mr. Manekshah N. Pochkhanawalla	,, Wadia Ghandy & Co.	Solicitors	123, Esplanade Road, Fort, Bombay.
257	,, Bhogilal C. Shah	The Chamber of Income-tax Consultants ..	Trade Association (Association of Income-tax Experts)	418, Kalbadevi Road, Bombay.
258	,, Shantikumar Narottam Morarji	The Indian National Steamship Owners' Association.	Trade Association	Scindia House, Dougall Rd., Ballard Estate, Fort, Bombay.
259	,, Dharamdas Samaldas Purbhoodas	Mr. Dharamdas Samaldas Purbhoodas	Share Broker	Plot No. 15, Sea View, Worli, Bombay.
260	*Mr. Nandlal M. Bhuta* ..	Messrs. M. Bhuta & Co. ..	Export of Indian Produce	*88, Musjid Bunder Road, Mandvi, Bombay.*
261	,, Nadirshaw Kawasjee ..	The Godrej Soaps Ltd. ..	Merchants and Import-Export	121, Esplanade Rd., Fort, Bombay.
262	Sir Dossabhoy H. Bhiwandiwalla, Kt.	,, Hormasji Manekji, Dossabhoy Hormasji Bhiwandiwalla & Co.	Excise Contractors and Salt Manufacturers	583, Chira Bazar, Bombay.
263	Mr. Jehangir B. Manekji	The General Engineering Corporation, Ltd. ..	Electrical Engineers	91, Apollo Street, Fort, Bombay.
264	,, C. G. Fozdar	The Asian Assurance Co. Ltd.	Insurance	Asian Building, Ballard Estate, Fort, Bombay.
265	,, Ratilal Nathalal ..	Mr. Ratilal Nathalal ..	Mill Agent	C/o The New Commercial Mills Co., Ltd., P. O. Railwaypura, Ahmedabad.
266	,, Sakarlal Balabhai ..	The Sarangpur Cotton Mfg. Co. Ltd.	Textile Mills	Ahmedabad.
267	,, Motilal H. Parikh ..	Messrs. Lallubhai Amichand	Aluminium, Brass & Copper Utensils Manufacturer	554, Kansara Chawl, Pydhownie, Bombay.
268	,, Haridas D. Khimji ..	,, S. Mitra & Co. ..	Import of Electro-plating & Metal-polishing Machinery	210, Kelewadi, Girgaum Road, Bombay.
269	,, Byramjee Hormusjee	The Zenith Life Assurance Co. Ltd. ..	Life Assurance	Manekji Wadia Bldg., Esplanade Road, Fort, Bombay.
270	,, Motiram Narayan Desai	Messrs. Anant Shivaji Desai	Aluminium & German Silver Utensils Manufacturer	Moti Bazar, Bombay.
271	,, Pranjivandas U. Patel	National Insurance Co. Ltd.	Insurance	National Insurance Building, Hornby Rd., Fort, Bom.
272	,, D. P. Tata	The Bombay Kariana Merchants' Association	Trade Association	222-4, Vadgadi, Mandvi, Bombay.

No.	Representative.	Member.	Trade.	Address.
273	Mr. Goolamhusain Ebrahim Matcheswala ..	The Indian Match Manufacturers' Association	Trade Association	121, Nagdevi Street, Bombay.
274	,, Vithaldas Kanji ..	The Wallace Flour Mills Co. Ltd.	Flour Mill	9, Wallace Street, Fort, Bombay.
275	,, Sitaldas Tirathdas ..	Messrs. Sitaldas Tirathdas ..	Shroffs & Exchange Brokers	64, Multani's Wadi, Walkeshwar Road, Bombay.
276	,, Hassanally Shermahomed ..	Mr. Hasanally Shermahomed	General Merchant and Matches	39, Pydhonie Road, Khadak, Bombay.
277	,, Dharamdas Hargovandas ..	,, Dharamdas Hargovandas	Merchant and Landlord	Diamond Bldg., Lohar Chawl, Bombay.
278	,, Bhogilal Hargovindas Patel	Messrs. Das & Co.	Millstores and Chemicals	59, Apollo St., Fort, Bombay.
279	,, Mahomedbhoy Ebrahim	,, Ebrahim Currim & Sons	Umbrella Merchants & Manufacturers	Rahim Building, Princess Street, Bombay.
280	Dr. Kalimudin	The Bombay Soap Factory	Soap Manufacturers	Ripon Road Cross Lane, Madanpura, Bombay.
281	Mr. A. G. Gray	The Bank of India Ltd. ..	Bankers	Hornby Rd, Fort, Bombay.
282	,, Nandvadan Jhaverilal Gor ..	Mr. Nandvadan Jhaverilal Gor	Insurance Agent	Mherwan Building, Sir P. M. Road, Fort, Bombay.
283	,, S. B. Dalal	Messrs. Birla Bros. Ltd. ..	Import-Export	Jehangir Wadia Building, Esplanade Rd., Fort, Bom.
284	*Mr. N. J. Shah.*	The Bombay Mutual Life Assurance Society Ltd.	Insurance	Bombay Mutual Bldg., Hornby Road, Fort, Bombay.
285	,, A. S. Trollip	The Bombay Electric Supply & Tramways Co. Ltd.	Electric Power & Traction	Electric House, Fort, Bom.
286	,, Purshotamdass Popatlal	Messrs. Purshotamdass Popatlal & Co.	Import-Export	39, Hamam Street, Fort, Bombay.
287	,, Jethmal Thakursingh Lalvani	,, J. B. Advani & Co. Ltd.	Paper Merchants	27, Mangaldas Rd., Bombay.
288	,, H. Edwin Jones ..	The Oriental Govt. Security Life Assurance Co. Ltd.	Insurance	Oriental Building, Hornby Road, Fort, Bombay.
289	,, N. B. Mehta	The Central India Spg. Wvg. & Mfg. Co. Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
290	,, H. N. Vakil	The Andhra Valley Power Supply Co. Ltd.	Electric Power	Do.
291	,, N. B. Davar	The Tata Power Co. Ltd. ..	Do.	Do.
292	,, V. C. Setalvad ..	Mr. V. C. Setalvad.	Insurance Agent	C/o The Industrial & Prudential Assurance Co. Ltd., Jehangir Wadia Bldg., Esplanade Road, Fort, Bom.
293	,, Chiranjilal Loyalka ..	Messrs. R. B. Loyalka. ..	Cotton and Share Brokers	New Stock Exchange Bldg., Share Bazar, Fort, Bom.
294	,, Ebrahim Dawood Kazi	Mr. Ebrahim Dawood Kazi	Timber	Pine Mansion, Mazagaon, Bombay.
295	,, Dorab R. Davar ..	Messrs. Cornelius & Davar ..	Public Accountants and Auditors	80, Esplanade Road, Fort, Bombay.
296	,, Chimanlal Manchubhai	Mr. Chimanlal Manchubhai	Banker and Commission Agent	183, Cadell Road, Mahim, Bombay.

No.	Representative.	Member.	Trade	Address.
297	Mr. Amritlal Hargovandas	Messrs. Hargovandas Lakhmichand ..	Bankers, Shroff and Grain Merchants	Manek Chowk, Ahmedabad.
298	„ Albert Smith	The British India General Insurance Co. Ltd.	Insurance	35-43, Churchgate Street, Fort, Bombay.
299	„ Harivallabhdas Kalidas	Messrs. Shri Ambica Mills Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.
300	„ Narotam Vithal Purshotum ..	„ Vithal Purshotum & Son ..	Iron Founders and Engineers	Sandhurst Road, 2nd Khetwady Lane, Bombay.
301	„ W. G. Groundwater ..	The Bank of Baroda Ltd.	Bankers	Baroda.
302	„ Gunvantlal Varajdas Kapadia ..	Mr. Gunvantlal Varajdas Kapadia ..	Solicitor	C/o Dikshit Maneklal & Co., Solicitors, 23, Medows St., Fort, Bombay.
303	„ Bapalal P. Parakh ..	The Ahmedabad Jupiter Spg. Wvg. & Mfg. Co. Ltd.	Textile Mills	Dudheshwar Road, Ahmedabad.
304	„ Venilal Narottamdas Patwa	Shri Mahajan Association Ltd.	Trade Association	Patwa Chawl, Shaik Memon Street, Bombay.
305	„ Jaysinglal P. Mehta ..	Mr. Jaysinglal P. Mehta ..	Shipping	C/o The Bombay Steam Navigation Co., Ltd., 100, Frere Road, Bombay.
306	„ Anandji Haridas ..	Messrs. Anandji Haridas & Co. Ltd. ..	Iron	Argyle Road, Carnac Bunder, Bombay.
307	Mr. Chamanlal Popatlal Mehta	Messrs. C. Mehta & Co. ..	Mill and Gin Stores	Ghelabhai Mansion, Chaupatty, Bombay.
308	„ Thakordas P. Shah ..	„ Thakordas & Co. ..	Iusurance Agents	65, Esplanade Rd., Bombay.
309	„ Narandas Ranchhordas Cantol	Mr. Narandas Ranchhordas Cantol ..	Share & Stock Broker	C/o Chugondas & Co., 17, Elphinstone Circle, Fort, Bom.
310	„ Damodar M. Gandhi ..	Messrs. Gandhi & Co. ..	Coal Merchants	94, Medows Street, Fort, Bombay.
311	„ Jayantilal Girdharlal Shah	Mr. Jayantilal Girdharlal Shah ..	Insurance Agent	Raghasutaria Pole, Khadia, Ahmedabad.
312	„ Madhukar Gulabshanker Bakshi ..	„ Madhukar Gulabshanker Bakshi ..	Do.	C/o Sir Chinubhoy Madhavlal, Gandhi Road, Ahmedabad.
313	„ Krishnaprasad C. Desai	The Hukumchand Insurance Co. Ltd. ..	Insurance	Jehangir Wadia Bldg., Esplanade Road, Fort, Bombay.
314	„ Mathuradas Dwarkadas	Mr. Mathuradas Dwarkadas	Piecegoods	Ewart House, Tamarind Lane, Fort, Bombay.
315	„ Madhavsinh Kanji ..	The Acme Mfg. Co. Ltd. ..	Manufacturers of Metal wares	9, Wallace Street, Fort, Bombay.
316	„ Pratapsinh Mathuradas	Messrs. Vissanji Khimji & Co.	Cotton	9, Wallace Street, Fort, Bombay.
317	„ Gopallal Chhotalal Kothari	„ Chimanlal Desai & Co. ..	Import and Merchants	Gool Mansion, Homji Street, Fort, Bombay
318	„ Purshottam Meghji ..	„ Purshottam Bhanji & Co. ..	Gunny and Hessian Merchants	Old Bardan Gully, Isaji Street, Bombay.
319	„ Hariram Jethabhai ..	Mr. Hariram Jethabhai ..	Merchant	Jethabhai Bldg., Soparibaug Road, Parel, Bombay.

No.	Representative.	Member.	Trade.	Address.
320	Mr. Virchand Meghji ..	Mr. Virchand Meghji ..	Cotton	C/o Messrs. Gill & Co., Ballard Estate, Fort, Bombay.
321	,, Jethalal Dharsey ..	Messrs. Jethalal & Co. ..	Cotton Brokers	Cotton Exchange Building, Room No. 603, Marwari Bazar, Bombay.
322	,, Choonilal Dahyabhai	,, Choonilal Dahyabhai & Co.	Chemists & Druggists	Princess Street, Bombay.
323	,, Devchand D. Shethia	The Eastern Steam Navigation Co. Ltd.	Shipping	24, Mangalore Street, Fort, Bombay.
324	,, Umakant Shrirang Desai	Mr. Umakant Shrirang Desai	Stock Broker	Aga Khan Building, 26, Dalal Street, Fort, Bombay.
325	,, G. M. Bhuta	Messrs. Master Sathe & Bhuta ..	Chartered Architects and Surveyors for Insurance Cos.	Hamam Street, Fort, Bombay.
326	,, Maneklal Pranlal Shah	The Gold Filled Leather Works ..	Leather & Canvas goods manufacturers	Bhangwadi, Kalbadevi Road, Bombay.
327	,, G. I. Patel	Messrs. Gordhandas Desai & Co.	Manufacturers' Agents in Scientific Instruments	Kermani Building, Sir P. M. Road, Fort, Bombay.
328	,, N. B. Bhagat ..	,, Bhagat & Sons ..	Engineers and Contractors	Sewri Fort Road, Bombay.
329	,, Vijaysinh Govindji ..	The Indian Globe Insurance Co. Ltd.	Insurance	Prospect Chambers, Hornby Road, Fort, Bombay.
330	Mr. Pallanji Pestonji ..	Messrs. Muncherji Vadilal & Co.	Carting Contractors	New Cotton Depot, Sewree, Bombay.
331	,, Shavakshaw Fakirji Dhalla.	,, Fakirji Rustomji & Sons	Railway Contractors	*Carnac Bridge Goods Station*, Bombay.
332	,, Pratapray Manmohandas ..	,, Pratapray Amritlal & Co.	Cotton Brokers	Ranchhoddas *Tribhovandas* Bldg., Marwari Bazar, Bombay.
333	,, Mathradas Haridas ..	,, Damodar Anandji ..	Hemp Merchants	66, Karwar Street, Fort, Bombay.
334	,, Mahomed Husein Hasham Premji ..	,, Hasham Premji ..	Rice	Rice Godown Carnac Bunder, Bombay.
335	,, Kaikhusru A. Dubash	,, Ardeshir B. Cursetjee & Sons ..	Merchants	6, Rampart Row, Fort, Bombay.
336	,, Madhavji Hariram ..	,, Manilal Mooljee Rangwalla	Colour Merchants	Samuel Street, Vadgadi, Bombay.
337	,, Shiavax C. Cambata	The Hirdagarh Collieries, Ltd.	Colliery Owners	101, Queen's Road, Bombay.
338	,, Laxmidas Bhawanidas Vora ..	Mr. Laxmidas Bhawanidas Vora	Landlord and Merchant	65-69, Old Hanuman Lane, Bombay.
339	,, Shamji Karamsi ..	Messrs. Shamji Karamsi & Co.	Cotton Merchants and Exporters	27, Chinchbunder Road, Bombay.
340	,, Thackersey Hirji Nensey	,, Hirji Nensey & Co. ..	Cotton Merchants	7, Elphinstone Circle, Fort, Bombay.
341	,, B. D. Sardesai ..	The Hindustan Construction Co. Ltd.	Building Contractors	Construction House, Ballard Estate, Fort, Bombay.
342	,, Rantanchand Khimchand Motishaw ..	Messrs. R. K. Motishaw	Share and Stock Brokers	Motilal Mansion, Apollo Street, Fort, Bombay.

No.	Representative	Member.	Trade.	Address.
343	Mr. T. G. Patel	The Indian Hume Pipe Co. Ltd.	Manufacturers of Reinforced Concrete Pipes	Sholapur.
344	,, Lalchand Hirachand	Mr. Lalchand Hirachand ..	Agriculture and Sugar manufacture	Post Ravalgaon (Dt. Nasik).
345	,, Thakorlal H. Vakil ..	Messrs. Vakil Brothers ..	Coal Merchants	43, Apollo St., Fort, Bombay.
346	,, R. G. Saraiya ..	The Broach City Press Co. Ltd. ..	Cotton Ginning and Pressing	Navsari Chambers, Outram Road, Fort, Bombay.
347	,, Narottam Keshavlal Shah ..	Mr. Narottam Keshavlal Shah ..	Piecegoods	C/o Messrs. Savailal Maneklal, M.J.Mkt.,NarainChowk,Bom.
348	,, D. M Soni	The Northland Sports Works	Sports goods manufacturers	Sialkot (Punjab).
349	,, Ratilal T. Parekh ..	The Muccadam Association	Trade Association	Wakefield House, Sprott Rd., Ballard Estate, Bombay.
350	,, A. P. Patwardhan ..	Messrs. Annar & Co. ..	Soap Manufacturers & General Analytical Chemists	Jhaveri Villa, Gilder Lane, Lamington Rd. North, Bom.
351	,, F. C. Talwar	Mr. F. C. Talwar	Export	Shantaram House, M. Hill, Bombay.
352	,, Ramdas Khimji ..	Messrs. Ramdas Khimji Bros.	Cotton Merchants and Cotton Ginning & Pressing	Albert Bldg. Hornby Road, Fort, Bombay.
353	,, E. S. Patanwala ..	Mr. E. S. Patanwala ..	Perfumery & Toilet requisite manufacturer	182-184, Abdulrehman St., Bombay.
354	Mr. Dhunjishaw H. Joshi	International Oil Co. Ltd. ..	Agents and Distributors of Petrol	Jiji House, Ravelin Street, Fort, Bombay.
355	,, S. C. Banerji. ..	Messrs. Marsland Price & Co. Ltd.	Reinforced Concrete Specialists and Sugar manufacture	Construction House, Wittet Road, Ballard Estate, Fort, Bombay.
356	,, Chhotabhai S. Patel ..	The Swastik Oil Mills Ltd. ..	Oil Mills and By-products	27, Bastion Road, Fort, Bombay.
357	,, Mahadev M. Singhi ..	The Cotton Agents Ltd. ..	Merchants & Commission Agents	51, Esplanade Road, Fort, Bombay.
358	,, Amratlal Kalidas ..	Mr. Amratlal Kalidas ..	Share Broker	New Stock Exchange Bldg., Dalal St., Fort, Bombay.
359	,, Harilal Narottam Contractor	Messrs. Ranchhodji Ramji & Co.	Building and Constructional Contractors	Chikalwadi, Bombay.
360	,, Purshotamdas Harkisondas ..	The Bombay Cotton Merchants & Muccadums Association, Ltd.	Trade Association	Cotton Exchange, Sewree, Bombay.
361	,, Jamnadas Meghji ..	Messrs. Jamnadas Meghji & Co.	Import-Export and Manufacturers' Representatives	15, Bastion Road, Fort, Bombay.
362	,, Hirji Lakhmidas ..	Mr. Hirji Lakhmidas ..	Cotton Waste Merchant	C/o Virji Peraj Maskai, Maska i Bldg., 106, Bhandari St., Bom.
363	,, Valjee Ladha	Messrs. Valjee Ladha & Co.	Cotton Merchants & Commission Agents	Dongri St., Mandvi, Bombay.
364	,, Premchand C. Bhayani	,, Jamnadas Chaturbhuj & Bro. ..	Mill & Gin Stores	55, Nagdevi Cross Lane, Bombay.
365	,, Ramji Ravji ..	,, Narsi Nagsee & Co.	Cotton Merchants	3, Chinch Bunder, Bombay.

No.	Representative.	Member.	Trade.	Address.
366	Mr. Mancherji N. Cama ..	Mr. Mancherji Nasarvanji Cama ..	Newspapers and publishing	Cama Chamber, Medows Street, Fort, Bombay.
367	,, Ram Nath Chopra ..	The Lakshmi Insurance Co. Ltd. ..	Insurance	Kamer Bldg., Cowasji Patel St., Bombay.
368	,, Nariman K. Santoke	Messrs. Mulla & Mulla ..	Solicitors	51, Esplanade Road, Fort, Bombay.
369	Rai Bahadur Jagmal Raja	Rai Bahadur Jagmal Raja ..	Glass Works and Colliery	The Bombay Glass Works, Matunga, Bombay.
370	Mr. Chimanlal Bapalal Parikh ..	The Bombay Uganda Co. Ltd.	Cotton	28, Apollo Street, Fort, Bombay.
371	,, Chandulal P. Parikh	Messrs. C. Parakh & Co. ..	Do.	28, Apollo Street, Fort, Bombay.
372	,, Vishram Walji ..	,, Walji Bhimji & Sons	Engineers and Contractors and Coal Merchants	Ghoradongri (Dist. Betul C. P.).
373	,, Sikander Khan Dehlavi	The Eastern Federal Union Insurance Co. Ltd. ..	Insurance	Rahimtoola House, Homji Street, Fort, Bombay.
374	,, Vallabhdas Vasanji ..	The Bombay Malabar Kariana Merchants' Association	Trade Association	Katha Bazar, Bombay.
375	,, Bhulabhai J. Desai ..	Mr. Bhulabhai J. Desai ..	Advocate	89, Warden Road, Bombay.
376	,, Maganlal Bhikhabhai Patel ..	The New Rajpur Mills Co. Ltd. ..	Textile Mills	Gomtipur Rd., Railwaypura, Ahmedabad.
377	Mr. Chimanlal Bhogilal Desai ..	The Sagar Movietone Co.	Talkie Producers	68, Nepeansea Road, Bombay.
378	,, Navalchand Tarachand Shah ..	Mr. Navalchand Tarachand Shah	Share, Stock and Finance Broker	Agakhan Building, Dalal Street, Fort, Bombay.
379	,, Madanlal Paliram ..	Messrs. Brijlal Madanlal ..	Cotton	C/o Messrs. Harnandrai Ramnarayan, Kalbadevi Rd., Bom.
380	,, Shantilal Vadilal ..	,, Shantilal Vadilal & Co.	Mill and Gin Stores	Ellis Bridge, Kalyan Society, Ahmedabad.
381	,, Mansukhlal Sukhlal Tarwala ..	Mr. Mansukhlal Sukhlal Tarwala	Share Broker	48, Marwari Bazar, Bombay.
382	,, Kalidas Jasraj ..	Messrs. Kalidas Jasraj ..	Cotton	Marwari Bazar, Bombay.
383	,, Lalji Morarji	,, Bhawanji Lakhmidas & Co.	Cotton and Commission Agents	72-80, Musjid Bunder Road, Bombay.
384	,, Nanji Kalidas	,, Shamji Kalidas & Co.	Merchants, Commission Agents and Exporters	12, Champa Galli, Mulji Jetha Bldg., Bombay.
385	,, Gajanand Gumaniram	,, Gajanand Gumaniram	Cotton Brokers	50-52, Marwari Bazar, Bombay.
386	,, Chandulal Kasturchand	,, Chandulal Kasturchand ..	Cotton	Cotton Exchange Building, Room Nos. 506-507, Marwari Bazar, Bombay.
387	,, Keshavlal Premchand	,, Chimanlal Premchand	Cotton and Commission Agents	Piperdi's Pole in Hajapatel's Pole, Ahmedabad.
388	,, Chandulal Laxmichand Khokhani	,, Chandulal L. Khokhani & Co. ..	Manufacturing Jewellers	167-69 Shaik Memon Street, Bombay.
389	,, Mangulal Trikamlal Parikh	,, Bapulal Trikamlal Parikh ..	Shroffs and Commission Agents	Ganeshwadi, Bombay.

No.	Representative.	Member.	Trade.	Address
390	Mr. Bhanji Devji Khimji	The Arjan Khimji Ginning & Pressing Co. Ltd.	Cotton	Gustad Chambers, 1st Floor, Sir P. M. Rd., Fort, Bombay.
391	„ Moolji Dayal	Shree Sajjan Mills Ltd. ..	Textile Mills	28, Apollo Street, Fort, Bombay.
392	„ Jethabhai J. Kotak ..	Messrs. Purshotamdas Madhavani & Co.	Import-Export	8, Elphinstone Circle, Fort, Bombay.
393	„ Murarji Jadavji Vaidya	„ Hansraj Sons ..	Millowners and Agents	Bombay Silk Mills, Colaba, Bombay.
394	„ Ratilal T. Thakkar ..	„ Ratilal & Co. ..	Cotton	Opp. New Cotton Exchange, 1-3, Bhuleshwar Corner, Bom.
395	„ Durlabhji Umedchand Parikh	„ Durlabhji Umedchand Co.	Cotton, Seeds and Bullion Brokers	63, Shaik Memon Street, Bombay.
396	„ Mohanlal A. Parikh ..	„ Mohanlal Hargovinddas & Co.	Shroff and Commission Agents	51, Dadyshet Agyari Street, Bombay.
397	„ E. S. Marker ..	„ Marker Goldsteane & Co. ..	Electrical and Sanitary Engineers and Contractors	Ismail Building, Hornby Road, Fort, Bombay.
398	„ Padmakant Jekisondas Shroff	Mr. Padmakant Jekisondas Shroff	Share & Stock Broker	Motilal Mansion, 19, Bruce Street, Fort, Bombay.
399	„ Kalyanji Mavji ..	„ Kalyanji Mavji ..	Coal Merchant	55, Apollo St., Fort, Bombay.
400	„ Harkishandas Narottamdas ..	Messrs. Narottamdas Premchand & Sons	Grain Merchants & Commission Agents	Bhawani Peth, Poona City.
401	Mr. K. B. Mehta	Mr. Kantilal Balabhai Mehta	Shipping (Branch Manager, B.S.N. Co.)	Bhavnagar Para.
402	„ K. C. Desai	„ Keshavprasad Chhotalal Desai	Insurance (Manager of Insurance Companies)	Industrial & Prudential Assurance Co. Ltd., 51, Esplanade Road, Fort, Bombay.
403	„ Dinsha D. Shroff ..	„ Dinsha D. Shroff	Auditor	Mahalaxmivala Bldg., Churchgate Reclamation, Bombay.
404	„ Jethalal D. Dave, Vaidya	„ Jethalal D. Dave, Vaidya	Ayurvedic Medicines	Gandhi Road, Ahmedabad.
405	„ Gokaldas M. Kapadia	Messrs. B. Gokaldas & Co.	Piecegoods	187, Princess Street, Bombay.
406	„ Mayabhai M. Teli ..	The Indian Cotton Oil Mill	Cottonseeds crushing	Navsari.
407	„ Chandulal Sarabhai Modi.	Messrs. Sarabhai & Co.	Importing Agents	Elphinstone Circle, Fort, Bombay.
408	„ Bhikhabhai Laxmidas	The Bombay Oil Merchants' Association ..	Trade Association	C/o Mulji Jaitha & Co., Katha Bazar, Bombay.
409	„ Ambalal Bhogilal Parikh	The Metal Exchange Association	Do.	42, Marwadi Jamnadas Bansidher's Mala, 2nd Bhoiwada, Bhuleshwar, Bombay.
410	„ P. Ranchhoddas ..	Sunderdas Saw Mills ..	Furniture Manufacturers	Opp. Reay Road Station, Bombay.
411	„ Jivanlal Chunilal Chinai	Messrs. Nagindas Fulchand Chinai	Raw Silk	Chinai Bldg., 79, Musjid Bunder Road, Bombay.
412	„ N. H. Pujara ..	„ Ahmed Oomerbhoy	Oil Millers and Exporters	Two Tanks, Grant Road, Bombay.
413	„ V. H. Hazarat ..	„ Hazarat & Co. ..	Export of Indian Yarn and Import of foreign yarns, etc.	106, Cowasji Patel Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
414	Mr. Ravjibhai Nathabhai Amin	Indo-Stationery Mart.. ..	Stationers & Printers	Rahimtoola House, Homji Street, Fort, Bombay.
415	,, S. K. Khandwala ..	Messrs. Manilal Mohanlal Parikh	Mill & Gin Stores	C/o Ramchandra & Co., Kapasia Bazar, Ahmedabad.
416	,, Dwarkadas Haridas Vakharia	,, Popatlal Ghellabhai & Co.	Hosiery	104, Chakla Street, Bombay.
417	,, Lakhamsi Ghelabhai Shah	,, Lalji Poonsi & Co. ..	Grain and Rice	3, Chinch Bunder Road, Bombay.
418	,, Jadavji Narshidas ..	,, Narshidas Jagjivandas	Cotton and Seeds	Danapith, Bhavnagar (Kathiawar).
419	,, Parbhulal Chunilal Shah	,, Trivedi Shah & Co. ..	Insurance Representatives and Commission Agents	Mubarak Manzil, Apollo Street, Fort, Bombay,
420	,, Nagappa Arleppa Abdulpurkar	Mr. Nagappa Arleppa Abdulpurkar ..	Cloth, Cotton, Yarn & Banking	Mangalwar Peth, Sholapur.
421	,, N. R. Kembhavi ..	,, N. R. Kembhavi ..	Banker and Merchant	Bijapur.
422	,, Harilal J. Trivedi ..	Messrs. Chhaganlal Khimji & Co. ..	Flour Merchants	Duncan Road, Bombay.
423	Mr. Raghubar Dayal Meattle	Messrs. Jugalkishore Mukatlal	Cotton, Seeds and Grain Merchants & Brokers	178–80, Kalbadevi Road, Bombay.
424	,, Premji Keshavji ..	Mr. Premji Keshavji ..	Cotton and Commission Agent	Opp. Railway Station, Surat.
425	,, Purshottambhai Surchand ..	Messrs. Purshottam Surchand	Bankers, Commission Agents, Grain, Seeds & Cotton	Mangaldas Road, Princess Street, Bombay.
426	,, Govindramji	,, Govindram Seksaria	Bankers and Commission Agents	Bansilal Abeerchand Bldg., 18, Marwari Bazar, Bombay.
427	,, Gordhandas Jamnadas	,, Gordhandas Jamnadas & Co.	Seeds and Wheat	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
428	,, Shriman Shripat ..	,, Shripat Gordhandas & Sons	Share & Stock Brokers	C/o M/s. Killick Nixon & Co., Home Street, Fort, Bombay.
429	,, Haridas Madhavdas ..	,, Madhavdas Amersey & Co. ..	Cotton	65, Esplanade Road, Fort, Bombay.
430	,, Hemraj Anandilal ..	,, Anandilal Hemraj & Co. ..	Do.	Cotton Exchange Building, Room No. 803, Marwari Bazar, Bombay.
431	,, Harbilas Shambhooram	,, Harbilas Gangadutt ..	Commission Agents and Brokers	220/24, Kalbadevi Rd., Opp. Nar Narayan Temple, Bombay.
432	,, Gangaram Agarwala	,, Shivdanmal Agarwala	Brokers and Commission Agents	336B, Surajmal Chawl, Kalbadevi Road, Bombay.
433	,, Parmeshwarlal Duwarkadass ..	,, Basantlal Gorakhram	Shroffs and Commission Agents	Raj Mahal, Bhuleshwar, Bombay.
434	,, Ratansey Karsondas ..	,, Madhavsinh & Co. ..	Flour Merchants	Two Tanks, Duncan Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
435	Mr. Hansraj Goculdas ..	Messrs. Mathuradas Kanji..	Merchants and Muccadums	9, Wallace Street, Fort, Bombay.
436	„ Ghelabhai Soonderji ..	„ Monji Soonderji ..	Piecegoods	71/73, Chakla Street, Bombay.
437	„ Chandulal Kalidas Shah	Mr. Chandulal Kalidas Shah	Mill and Gin Stores	653, Gandhi Road, Ahmedabad.
438	„ Chandulal Bapalal Chokshi	„ Chandulal Bapalal Chokshi	Share Broker	Dhana Sutar's Pole, Kalupur, Ahmedabad.
439	„ Chhabildas V. Gajjar	Messrs. Mistry & Gajjar (India) Ltd.	Engineering	Kapasia Bazar, Railwaypura, Post Ahmedabad.
440	„ Hiralal N. Desai ..	„ H. Desai & Co. ..	Insurance Underwriters	Khadia, Golvad, Ahmedabad.
441	„ Nandlal Chhaganlal ..	„ Dharamsi Dinkarrao & Nandlal	Solicitors	Fort Chambers, Dean Lane, Bombay.
442	„ Mahadeo A. Dhoria ..	„ Anand Jetha & Sons	Engineers, Builders and Contractors	2, Sholapur Road, Poona.
443	„ Chandulal T. Shah ..	„ C. T. Shah & Co. ..	Insurance Agents	12, Rampart Row, Fort, Bombay.
444	„ Nemidas Dewjee Tokarsee ..	Mr. Nemidas Dewjee Tokarsee	Rice	C/o M/s. Dewjee Tokarsee & Co., Bhat Bazar, Bombay.
445	Mr. M. M. Mundkur ..	The Bombay Fire & General Insurance Co. Ltd.	Insurance	45-47, Churchgate Street, Fort, Bombay.
446	„ Ramdas Girdhardas ..	Messrs. Ramdas Girdhardas & Co. ..	Piecegoods	M. J. Market, Ghadial Galli, Bombay.
447	„ Gordhandas Jadavji ..	„ Doongarsi Gangji & Co.	Commission Agents and Merchants	84, Musjid Bunder Road, Bombay.
448	„ S. D. Prabhavalkar ..	Mr. S. D. Prabhavalkar ..	Engineer and Contractor	166, Bible House, Hornby Road, Fort, Bombay.
449	„ Dorab Framji Kapadia	„ Dorab Framji Kapadia	Textile Industry	24, Walkeshwar Road, Malbar Hill, Bombay.
450	„ Dungarsi Rav ee ..	Messrs. Ravjee Dhanjee & Co.	Rice & Grain	Clive Road, Dana Bunder, Bombay.
451	„ Jamnadas M. Rajput	Allied Advertising Association of India ..	Publicity Consultants	Commissariat Building., Hornby Rd., Fort, Bombay.
452	„ Nariman D. Adenwalla	Messrs. Nariman D. Adenwalla & Co. ..	Accountants and Auditors	418, Chhotalal Bhuvan, Kalbadevi Road, Bombay.
453	„ Amarsey Jinabhai Bhimjiani	„ Thomas & Co. ..	Insurance Agents	65, Esplanade Road, Fort, Bombay.
454	„ Vasantray A. Ojha	„ Amritlal Ojha & Sons ..	Colliery	Rahman Bldgs., Churchgate Street, Fort, Bombay.
455	„ Jal Hirji Taraporevala	Mr. Jal Hirji Taraporevala	Bookseller, Publisher, etc.	C/o M/s. D. B. Taraporevala Sons & Co., 210, Hornby Road, Fort, Bombay.
456	„ Parshotamdass Popatlal	The Bombay Yarn & Silk Merchants' Association	Trade Association	Tamba Kanta, Bombay.
457	„ Yacoob H. A. Lalljee	Messrs. Hooseinbhoy Abdoolabhoy Lalljee & Co.	Insurance Agents and Import-Export	Western India House, Sir P. M. Rd., Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
458	Mr. Bodh Raj Tannan	Mr. Bodh Raj Tannan	Chartered Accountant	Bank of Baroda Bldg., Apollo Street, Fort, Bombay.
459	,, Tribhuvandas Mathuradas Gandhi	The Bank of Hindustan Ltd.	Bankers	Bruce Street, Fort, Bombay.
460	,, Bhogilal Laherchand	The Bombay Diamond Merchants' Association	Trade Association	114-16, Khara Kuva, Javeri Bazar, Bombay.
461	,, Esmail A. G. Moloobhai	Messrs. Goolamhusein Moloobhai	Share, Stock & Exchange Brokers	76, Tamarind Lane, Fort, Bombay.
462	,, Narayandas Girdhardas	Mr. Narayandas Girdhardas	Insurance, Banking and Mining	Khooshaldas Gardens, Kilpauk, Madras.
463	,, Shantaram Raghunath Shirgaokar	,, Shantaram Raghunath Shirgaokar	Sugar manufacture	C/o Kolhapur Sugar Mills Ltd., Kolhapur —Shahupuri.
464	,, Ruttonshaw Pestonjee Dalal	,, Ruttonshaw Pestonjee Dalal	Incorporated & Registered Accountant	Trafford House, Prescott Road, Fort, Bombay.
465	,, R. S. Kodange	The Indian Bank Ltd.	Bankers	56, Esplanade Road, Fort, Bombay.
466	,, Nowrosji Maneckji Bhathena ..	Mr. Nowrosji Maneckji Bhathena ..	Consulting Chemist & Chemical Engineer	8, Reynolds Road, Byculla, Bombay.
467	,, B. S. Dabke ..	The Mahratta Chamber of Commerce and Industries	Chamber of Commerce	New Kitab Building, Laxmi Road, Poona City.
468	Mr. B. S. Dabke ..	Mr. B. S. Dabke ..	Piecegoods and Sugar	315, Vithalbhai Patel Road, Bombay.
469	,, J. L. Mehta ..	The Bombay Life Assurance Co. Ltd.	Life Assurance	45-47, Churchgate Street, Fort, Bombay.
470	,, Venkatrao Sista ..	Sista's Sales & Publicity Service	Sales Promotion and Advertising Service	Taj Building, Hornby Road, Fort, Bombay.
471	,, Gordhandas Bhagwandas	Mr. Gordhandas Bhagwandas	Share Broker	36A, Hughes Road, Bombay.
472	,, Bhaidas Maganlal ..	,, Bhaidas Maganlal	Share Broker	Giri Kunj, Hughes Road, Bombay.
473	,, Champaklal Nagindas Mashruvala	,, Champaklal Nagindas Mashruvala	Share Broker	Giri Kunj, Hughes Road, Bombay.
474	,, T. C. Thakore	Messrs. T. M. Thakore & Co.	Importers of Drugs, Patent Medicines etc.	Ready Money Bldg. Churchgate Street, Fort, Bombay.
475	,, Harkisondass Lukhmidass	,, Harkisondass Lukhmidass	Share & Stock Brokers	5, Dalal St., Fort, Bombay.
476	,, Jeram Thakersi Halai	Mr. J. T. Halai ..	Share & Stock Broker	117, Bazargate Street, Fort, Bombay.
477	,, Vadilal Chatrabhuj Gandhi	Messrs. Vadilal Chatrabhuj	Cloth Merchants & Mill Industry	Mulji Jetha Market, Krishna Chowk, Bombay.
478	,, Lallubhai G. Parikh	Mr. Lallubhai G. Parikh ..	Banking, Stock & Share, Gold & Silver	18, Walkeshwar Rd., Bombay.
479	,, Keshavlal Jethalal Majithia	,, Keshavlal Jethalal Majithia	Proprietor, Oriental Medical Stores	Princess Street, Bombay.
480	,, Shivprakash Balram Pathak	,, Shivprakash Balram Pathak	Mill, Gin, Stores etc. Petrol Agent	Station Road, Surat.

No.	Representative.	Member.	Trade.	Address.
481	Mr. Ramanlal Chandulal Parikh	Messrs. Chandulal T. Parikh	Distributors of Lubricating Oils, Diesel Engines & Chemicals	299, Sandhurst Rd., Bombay.
482	,, Zaverilal Chhaganlal	Mr. Zaverilal Chhaganlal ..	Share & Stock Broker	298, Sandhurst Rd., Bombay.
483	,, Salehbhoy Ebrahim Matcheswala	,, Salehbhoy Ebrahim Matcheswala	Matches, Cotton & Steel	121, Nagdevi Street, Bombay.
484	,, Lalbhai Purshotamdas Patel	,, Lalbhai Purshotamdas Patel	Manufacturing Chemicals	100, Walkeshwar Road, Bombay.
485	,, Narandas Mavji	Messrs. Karsandas Narandas	Cotton	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
486	,, Dayalal Motichand Vora	Mr. Dayalal Motichand Vora	Machinery Dealers	Mathuradas Mills, Lower Parel, Bombay.
487	,, P. P. Adalja	,, P. P. Adalja	Engineer & Architect	Kermani Building, Hornby Road, Fort, Bombay.
488	,, Manibhai D. Desai	,, Manibhai D. Desai	Stationers & Printers	Raja Bahadur Bansilal Compound, Apollo Street, Fort, Bombay.
489	,, Nanddas Haridas	Messrs. Maneklal Harilal Spg. & Mfg. Co. Ltd.	Spg. & Wvg. Mills	Ahmedabad.
490	,, Jayantilal Amratlal	The Ahmedabad Laxmi Cotton Mills Co. Ltd.	Spg. & Wvg. Mills	Shri Sadan, Ellis Building, Post Box 42, Ahmedabad.
491	Mr. A. Bose	The Hindustan Electric & Accumulators Mfg. Co. Ltd.	Manufacturers of Accumulators	Asian Bldg., Ballard Estate, Fort, Bombay.
492	,, Gopaldas P. Kapadia	Messrs. G. P. Kapadia & Co.	Registered Accountants & Auditors	Hamam House, Hamam St., Fort, Bombay.
493	,, Maganlal M. Shah	The Swastika General Trading Co.	Cotton Exporters & Importers	Embassy House, Sir P. M. Road, Fort, Bombay.
494	,, Bhalubhai Dalsukhbhai Desai	The Ahmedabad Share & Stock Brokers' Association	Dealing in Shares & Stock	Manek Chowk, Ahmedabad.
495	Rai Bahadur K. N. Bhandari	Rai Bahadur K. N. Bhandari	Mill Owner	C/o Bhandari Mills Ltd., Indore.
496	Mr. P. J. Billimoria	The Associated Cement Companies Ltd.	Cement Manufacture	Esplanade House, Waudby Road, Fort, Bombay.
497	,, Govindji Jevat ..	Messrs. Virji Ladha & Co.	Cotton Merchants & Exporters	19, Chinchbunder, P.O. Box No. 5024, Bombay.
498	,, Prabhashanker Ramchandra Bhatt	Mr. Prabhashanker Ramchandra Bhatt	Insurance & Landlord	Ramchandra Mansion, 487, Sandhurst Road, Bombay.
499	,, Rasiklal Somabhai Vakil	Messrs. Lalbhai Hirachand	Share & Stock Brokers	20, Dalal St., Fort, Bombay.
500	,, L. C. Wadhwani	Mr. L. C. Wadhwani ..	Finance, Exchange & Share Broker	1, New Stock Exchange Bldg., Apollo St., Fort, Bombay.
501	,, Mojilal P. Pandya	,, Mojilal P. Pandya ..	Banker	Netherland Trading Society, Royal Insurance Building, Churchgate Street, Fort, Bombay.
502	,, Mohanlal Kevaldas	,, Mohanlal Kevaldas ..	Silver Merchant	112, Kharakuva, Bombay.
503	,, M. S. Pandit ..	,, Mahadeo Shivram Pandit	Machinery & Town Lighting Schemes	15, Forbes Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
504	Mr. Vasantram Jamietram Vakil	Mr. Vasantram Jamietram Vakil	Advocate	Lentin Chambers, Dalal St. Fort, Bombay.
505	,, N. P. Motiwala ..	Messrs. Bennett & Co. ..	Auctioneers & Commission Agents	120, Apollo St., Fort, Bombay.
506	,, Khimjee Shamjee Popat	,, Keshowjee Muljee & Co.	General Insurance Brokers & Commission Agents	283, Samuel Street, Vadgadi, Bombay.
507	,, J. M. Atmaram Bhukhanwala	Mr. J. M. Atmaram Bhukhanwala	Solicitor	Lentin Chambers, Dalal St., Fort, Bombay.
508	,, Ahmed G. Chagla ..	,, Ahmed G. Chagla ..	Import, Export & Commission Agent	Moolji Street, Bunder Quarter, Karachi.
509	,, D. M. Dahanukar	The Maharashtra Sugar Mills, Ltd.	Sugarcane growers and Sugar Manufacturers	Shri Krishna Nivas, Kalbadevi, Road, Bombay.
510	,, J. P. Mehta ..	The Bombay Steam Navigation Co. Ltd.	Shipping	100, Frere Road, Bombay.
511	,, R. C. Mehta ..	Mr. R. C. Mehta ...	Chief Auditor Municipal Corporation	Bell & Co's., Bldg., Sir P. M. Road, Fort, Bombay.
512	,, O. H. Gheewala ..	,, Ochchhavlal Harkisondas Gheewala	Share Broker	Shanti Sadan, C-Block, French Bridge, Bombay.
513	,, D. D. Eklahare ..	The Indian Paper Clips Co. Ltd.	Manufacturers of Paper Clips	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
514	Mr. M. K. Vatsaraj ..	The Property & Loans Ltd.	Property Owners' Financers	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
515	,, R. C. N. Broacha ..	Indian Motion Picture Producers' Association	To safegaurd the interests of the Motion Picture Industry	1-B, Sir Mangaldas Estate, Lamington Road, Bombay.
516	Khan Saheb Hajee Haiderally Hajee Bachooally	Khan Seheb Hajee Haiderally Hajee Bachooally	Landlord	Bachooally House, Sandhurst Rd., East Dongri, Bombay.
517	Mr. R. C. Jalundhwala ..	Messrs. Batliboi & Purohit	Accountants & Auditors	National Insurance Bldg., Hornby Rd., Fort, Bombay.
518	,, Nanji Tokarsi ..	,, Kanji Jadhavji & Co.	Stevedores & Contrators	Broach Street, Dana Bunder, Bombay.
519	,, Atmaram Raoji Bhat	Mr. Atmaram Raoji Bhat	Journalist	568, Narayan Peth, Poona.
520	,, V. V. Ramaswamy ..	Messrs. V. V. Shunmuga Nadar & Bros.	Export of Grains & Pulses, etc.	74, Khand Bazar, Bombay.
521	,, Chimanlal Bhogilal ..	Mr. Chimanlal Bhogilal	Marble & Tiles	C/o C. Bhogilal & Co., Elphinstone Circle, Fort, Bombay.
522	,, R. Ramaswami ..	The Indian Stock Exchange, Ltd.	Stock Exchange	Lakshmi Bldg., Sir P. Mehta Road, Fort, Bombay.
523	,, Damoderdas V. Mehta	Messrs. Malvi Ranchoddas & Co.	Solicitors	Yusuf Bldg., Esplanade Road, Fort, Bombay.
524	,, C. J. Soneji ..	Mr. C. J. Soneji	Textiles	Prasanna Nivas, Dadabhoy Road, Vile Parle (West).
525	,, Tansukhrai M. Karundia ..	Messrs. Ganeshnarayan Onkarmal	Merchants, Commission Agents	343, Kalbadevi Road, Bombay.
526	,, Pranlal Devkaran Nanjee ..	,, Devkaran Nanjee Banking Co., Ltd.	Bankers	Elphinstone Circle, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
527	Mr. Balchand Ishwarlal ..	The Bombay Grains & Seeds Association, Ltd.	Linseed & Cotton	236, Kalbadevi Road, Bombay.
528	,, Maneklal Keshavlal ..	Mr. Maneklal Keshavlal	Share & Stock Broker	Kusum Nivas, Ghodbunder Road, Vile Parle.
529	,, Nyalchand Tokarshi ..	Mr. Nyalchand Tokarshi	Banker	28, Manu Bhuvan, Kika Street, Bombay.
530	,, Nariman D. Sahukar	Messrs. Godrej & Boyce Mfg. Co., Ltd.	Manufacturers of Steel Safes etc.	Lalbaug, Parel, Bombay.
531	,, Ramanlal Dahyabhai	Mr. Ramanlal Dahyabhai	Shares & General	Laxmi Bldg., Sir P. M. Road, Fort, Bombay,
532	,, Ratilal Nathubhai ..	,, Ratilal Nathubhai	Shares & General	Chaupatty Sea Face, Bombay.
533	,, Maneklal Chunilal Shah	,, Maneklal Chunilal Shah	Shares & General	Laxmi Bldg., Sir P. M. Road, Fort, Bombay.
534	,, Kakalbhai Bhudardas Vakil ..	,, Kakalbhai Bhudardas Vakil	Share & Stock Broker	Sneha Sadan, Tilak Road, Santa Cruz, Bombay.
535	,, Girdharlal Trikamlal..	,, Girdharlal Trikamlal	Share & Stock Broker	Nemchand Bldg., Opp. Tilak Statue, Chaupatty, Bombay.
536	,, Dinshaw Behramji Irani	,, Dinshaw Behramji Irani	Provision Merchant	C/o The Empire Stores, Crawford Market, Bombay.
537	Mr. Goculdas H. Mehta ..	Messrs. Harilal Manilal Co.	Commission Agents & Exporters	346, Kalbadevi Road, Bombay.
538	,, Raghvji Kanji ..	,, Kanji Shivji & Co.	Cotton Merchants & Exporters	116, New Chinch Bunder Road, Mandvi, Bombay.
539	,, Chunilal Krishnalal Sayta	,, Chunilal Krishnalal & Co.	Cotton Brokers	28, Marwari Bazar, Bombay.
540	,, Bisesarlal Chirawawala	,, Bisesarlal Chirawawala	Cotton	Cotton Exchange Bldg., Marwari Bazar, Bombay.
541	,, K. P. Ghiara ..	The Western India Oil Distributing Co., Ltd.	Importers & Distributors of Petrol & Diesel Oil	Alice Bldg., Hornby Road, Fort, Bombay.
542	,, Umadatt Surajmal Nemani	Messrs. Shivnarayana Nemani	Cotton, Seeds, Shares Securities, Bullion Importers-Exporters	212, Kalbadevi Road, Bombay.
543	,, Mahomedbhoy I. M. Rowjee	Mr. Mahomedbhoy I. M. Rowjee	Share & Landlord	187, Samuel Street, Mandvi, Bombay.
544	,, Vaman Shantaram Dabholkar	Messrs. Dabholkar & Jeshtaram	Solicitors	80, Esplanade Road, Fort, Bombay.
545	,, Vandravan Gordhandas Seth	Mr. Vandravan Gordhandas Seth	Cotton & Bullion Broker & Commission Agent	381, Ismail Bldg., Hornby Road, Fort, Bombay.
546	,, Chatrabhuj U. Chheda	,, Chatrabhuj U. Chheda	Insurance Agent	300, Narsi Natha Road, Bombay.
547	,, Mohanlal T. Shah	The Unique Assurance Co., Ltd.	Life Assurance	995, Panch Kuva Road, Ahmedabad.
548	,, Hathibhai Galalchand	Mr. Hathibhai Galalchand	cotton Merchant	Shree Mahajan Association, Shaik Memon St., Bombay.
549	,, G. A. Abdul Hameed	,, G. A. Abdul Hameed	Public Accountant & Income-tax Adviser	86, Dontad Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
550	Mr. Kantilal Sakalchand Choksi	Mr. Kantilal Sakalchand Choksi	Cotton	Mandvi Pole, in front of Kaka Balia's Pole, Ahmedabad.
551	,, Russa H. Mehta ..	,, Russ H. Mehta ..	Suppliers of Cotton, Millstores, Textile Machinery & Electrical Goods	C/o Mill Stores Trading Co. of India, Ltd., 125, Esplanade Road, Fort Bombay.
552	,, Keshavdeo Navatia ..	Messrs. Bachhraj & Co., Ltd.	Bankers, Cotton Merchants & Commission Agents	395, Kalbadevi Road, Bombay.
553	,, Girdharilal Chokhani	,, Dalmia Cement & Paper Marketing Co., Ltd.	Cement & Paper Manufacturers & Sellers	Bharat Bldg., 15, Elphinstone Circle, Fort, Bombay.
554	,, C. A. Buch ..	The Ratnagar Steam Navigation Co., Ltd.	Shipowners	Scindia House, Dougall Rd., Ballard Estate, Bombay.

RULES AND REGULATIONS

OF THE

INDIAN MERCHANTS' CHAMBER

(As amended upto 24th January, 1938)

Name.

1. The Association shall be styled, "The Indian Merchants' Chamber."

Office.

2. The office of the Chamber will be situate in Bombay.

Objects.

3. The objects for which the Chamber is established are:—

(*a*) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.

(*b*) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.

(*c*) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.

(*d*) To collect and disseminate statistical and other information securing the promotion of the objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.

(*e*) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interest by the Government or any Department

thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To make representation to Local, Central or Imperial authorities Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.

(*g*) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*h*) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.

(*i*) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufacture or incidental to the attainment of the above object.

(*j*) To secure the interests and well-being of the Indian business community abroad.

(*k*) (i) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.

(ii) To nominate delegates and advisers, etc. to represent the employers of India at the Annual International Labour Conferences of the League of Nations.

(iii) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.

(iv) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Conference.

(*l*) To purchase, take on lease or in exchange or otherwise acquire any lands, buildings, easements, rights of common or property, immovable or movable, which may be requisite for the purposes of or conveniently used or held in connection with any of the objects of the Chamber; and to sell, demise, mortgage, give in exchange, or dispose of the same or any part thereof.

(*m*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members:—

Members.

(1) Ordinary, (2) Patrons and (3) Honorary.

(1) There will be three classes of Ordinary Members:—

(*a*) Residents of Bombay and its suburbs who will have to pay *in advance* Rs. 75 as annual subscription; but Joint Stock Companies will have to pay *in advance* Rs. 100 per year.

(*b*) Mofussil members who will have to pay *in advance* Rs. 25 as annual subscription.

(*c*) Associations which will have to pay *in advance* Rs. 125 as annual subscription.

Admission Fee:— All the ordinary members and patrons will have to pay *in advance* Rs. 50 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the General Body.

(2) *Patrons*: Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue account but the interest whereof shall be taken to revenue account.

(3) *Honorary Members*: Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary Members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of Members.

6. The applicant, whether an individual, a firm or an association, shall sign the admission form giving details of business, etc., and send it to the Secretary, with signatures of proposer and seconder who must be members of the Chamber. This application

shall be submitted to the Committee, who shall appoint a Scrutineer. Names of all such applicants, with names of their proposers and seconders, during the month shall be put up on the notice board of the Chamber in the first week of the following month and they shall be there for one whole week. During this period members of the Chamber shall come to the office of the Chamber between 11 A.M. and 5 P.M. (S.T.) and register their votes either for or against the inclusion of such applicants as members of the Chamber. At least five per cent of the members of the Chamber must register their votes to make the ballot valid. The presence in the ballot box of one negative vote shall cancel six positive votes. If an applicant or applicants gets or get twelve negative votes, he or they shall not be elected. On the seventh day the ballot-box shall be opened at 5 P.M. (S.T.) by the Scrutineer and the Secretary, who shall declare the result of the ballot.

Resignation.

7. Members wishing to resign shall give written notice to the Secretary.

Disqualification of Members.

8. A member shall be deemed to be disqualified if:—

(*a*) He becomes an insolvent.

(*b*) He fails to discharge his subscription for a period extending over twelve months.

Privileges of Members.

9. A member of the Chamber shall be entitled:—

(*a*) To obtain gratis publications of the Chamber.

(*b*) To the free use of the Chamber's library.

(*c*) To vote at all meetings of the Chamber or on any matter referred to the General Body of members by circular.

(*d*) To be elected as an office-bearer of the Chamber.

Meetings of Members.

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the

Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution) to transact the following business :—

(*a*) To receive the Annual Report of the retiring Committee and the audited statement of accounts of the Chamber.

(*b*) To record the declaration of the result of election of office-bearers for the ensuing year.

(*c*) To elect an auditor for the ensuing year.

(*d*) To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the General Body of members by post or otherwise two days before the date of meeting.

There shall be held during the course of the year in addition to the Annual Ordinary General Meeting three other ordinary meetings when a *resume* of the work done during the previous quarter will be supplied to members.

A Special General Meeting of members may also be called whenever the Committee think fit; and the Committee shall also call a Special General Meeting on the requisition in writing of at least ten members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days

before the date fixed for the meeting and of which the Secretary has given notice either by post or otherwise to the General Body of members two days before the date of the meeting.

Quorum.

11. Fifteen members shall be deemed a quorum for a General Meeting whether Ordinary or Special. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

Adjourned Meeting.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

Chairman.

13. The Chairman of the Committee shall preside at every General Meeting or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the Chair.

Voting at Meeting.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting provided that a firm or association having more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee.

15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman and twenty-three members.

Vacancy on the Committee.

16. The Committee shall fill up any vacancy of an ordinary member thereof occurring during the year.

Non-attendance of a member of the Committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

Vacancy in the office of the Chairman or the Vice-Chairman.

17. Any vacancy during the year in the office of the Chairman or the Vice-Chairman created by resignation shall be filled up by election in accordance with Rule No. 26.

The Chairman and/or the Vice-Chairman can get from the Committee leave of absence from the work of their offices for a period not exceeding four months, whether the leave is to be enjoyed in or outside India; during such absence of the Chairman the Vice-Chairman shall act as Chairman, and during such absence of the Vice-Chairman, the Committee shall appoint the acting Vice-Chairman from amongst themselves.

Retirement of Committee.

18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

Rules of the Committee.

19. The Committee shall frame its own rules for the purpose of regulating its proceeding which may be amended or altered or revised as it may deem expedient.

Secretary.

20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Accounts of the Chamber.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

Meetings of the Committee.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

Minute Book.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committees of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committees whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members of the Chamber. The work of electing Sub-Committee shall ordinarily be done by the representatives themselves but they can have the assistance of the Secretary of the Chamber if they require it.

Sub-Committees.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the Register of Members of the Chamber names of individual members and of gentlemen who may be representing, for the time being, any members of the Chamber, whether associations, firms or corporations. All changes in the names of representatives, addresses, etc., shall have to be notified to the Secretary

Register of Members.

on or before the 31st December for purposes of election of the Committee. A list prepared on the basis of this Register will be called the Electoral Roll of the Chamber and shall be deemed as such not only for purposes of the election of the Committee but also for purposes of elections of representatives of the Chamber on various public bodies. For purposes of election of the Committee, only those whose names are thus registered on or before 31st December shall be entitled to vote; while for purposes of other elections the Secretary shall ask for any changes in the names of representatives, addresses, etc., as provided in the rules relating to those elections, and all such changes or additions or alterations or deletions will be notified to the members within the time specified in the rules for those elections. The elected gentlemen will be considered to be personally elected as representing particular members, and on their places falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Any member of a firm or its representative, being on that account a member of the Chamber, on his serving the partnership or connection with the firm will no longer be a member of the Chamber.

This rule will not affect Rule 14.

This Register shall contain details regarding business of all members and shall also record the classified list of members according to different trades.

Election of Committee.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the members before the 15th of January. Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship and membership of the Committee duly proposed, seconded and signed by the nominees shall be sent to the Secretary. The Committee shall, before the Annual General Meeting, fix a day which

shall be prior to that Meeting, for the election of the members of the Committee and of the President and Vice-President. The Secretary shall prepare and publish a list of nominations received by him, and shall circulate the same amongst the members of the Chamber along with the intimation of the date fixed for the election of the Committee at least three clear days before the date of election.

The retiring Committee shall appoint two Scrutineers, who must be members of the Chamber but shall not be candidates for election.

On the day of the election the ballot-box will remain open from 10 A.M. (S. T.) to 6 P.M. (S. T.) in the office of the Chamber. The voting papers shall be supplied to the members in the office of the Chamber who shall fill these up and place them in the ballot-box. The President and the Vice-President shall be elected from among the nominations received for the Presidentship and Vice-Presidentship respectively, and 23 members shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship or Vice-Presidentship will be *ipso facto* recorded for his election as a member of the Committee. The President and Vice-President shall be ex-officio members of the Committee. The counterfoils of these voting papers shall be signed by members and shall remain with the Secretary or an officer of the Chamber appointed by him. The Scrutineers shall seal the ballot-box as also the packet containing the signed counterfoils of the voting papers at 6 P.M. (S. T.) on the day of the election and with the Secretary will open the ballot-box on the day following the day of election and declare the result by putting up the same on the Notice Board of the Chamber over the Secretary's signature.

This procedure will not apply in the case of the mofussil members, that is to say, members paying Rs. 25 as annual subscription and registered as such in the official Register of the Chamber.

Voting papers shall be sent by post to the mofussil members seven clear days before the date of election. The voting will be carried on in the following manner:—

Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to the mofussil members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who shall open it, placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot-box. This ballot-box shall be opened by the Scrutineers with the Secretary along with the ballot-box for the local members on the day of scrutiny, and all the voting papers will be scrutinised together.

Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. The Trustees of the Chamber for the time being and the member or members of the Chamber representing it in the Indian Legislative Assembly the Bombay Legislative Council, the Bombay Port Trust, the Bombay Municipality, and the like public bodies will be ex-officio members of the Committee if they are not already members of the same. Such ex-officio members shall not however, be precluded from contesting the general election.

(*a*) The Committee shall co-opt, out of the General Body of members, 40 (forty) per cent of the association Members.

(*Note.*—For the purpose of calculation under this rule, fraction will be ignored).

(*b*) The new Committee shall further co-opt three ordinary members, who in their opinion will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at their first meeting by ballot from among the members proposed at the meeting by members of the Committee.

Equality of Votes.

27. In the case of equality of votes recorded for the election of the Chairman or Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

Visitors.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits, visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

Trustees.

28. (A) There shall be not less than three nor more than five Trustees of the Chamber. The Trustees shall be elected by the Committee from time to time and as and when vacancies occur. Each Trustee shall hold office until his death or until he resigns or ceases to be a member of the Chamber or until he is removed from office by a Resolution of the Committee passed at a meeting specially convened for the purpose at which not less than two-thirds of the total number of members of the Committee including ex-officio members, shall be present and at which not less than one-half of the total number of members of the Committee, including ex-officio members, shall vote in favour of such

Resolution. The property of the Chamber of whatever description shall subject to the provisions of Rule 29, be vested in and shall, when necessary, be transferred to the Trustees for the time being, who shall hold the same in trust for the Chamber and the Members thereof for the time being and shall deal with the property of the Chamber as directed by the resolution of the Committee (of which an entry in the minute book shall be conclusive evidence). The Trustees for the time being shall in any legal proceedings be deemed sufficient to represent the Chamber and its Members. The Trustees for the time being shall under the direction of the Committee act in legal proceedings, effect insurances, invest money, execute transfers, leases, mortgages and all deeds, agreements and other documents to be entered into on behalf of the Chamber and shall sign any debentures the issue and form of which may be directed by the Committee and shall generally transact all business of a like nature in such manner as the Committee may from time to time determine. Every direction of the Committee to the Trustees shall be signified by a copy of the relative resolution of the Committee signed by the Chairman of the day and when so signified it shall be obligatory upon and authority to the Trustees to do anything to be done by virtue of such resolution. The Trustees shall be indemnified out of the Chamber's property against all liabilities risk and expense incurred by them as such Trustees.

Borrowing Powers.

28. (B) If at any time the Chamber in general meeting shall pass a Resolution authorising the Committee to borrow money, the Committee shall thereupon be empowered to borrow for the purposes of the Chamber such amount of money either at one time or from time to time and at such rate of interest and in such form and manner and upon such security as shall be specified in such Resolution and thereupon the Trustees shall at the direction of the Committee make all such dispositions of the Chamber property or any part thereof and enter into such Agreement

in relation thereto as the Committee may deem proper for giving security for such loans and interest. All members of the Chamber, whether voting on such Resolution or not, and all persons becoming members of the Chamber after the passing of such resolution shall be deemed to have assented to the same as if they had voted in favour of such resolution.

Funds of the Chamber.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being and a member of the Committee. In the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee. All cheques shall be countersigned by the Secretary.

Expulsion of Members.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reason it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifth of members present have voted in favour of the proposal.

Alteration in Rules and Regulations.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least seven clear days before

the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

Rules of the Court of Arbitration of the Chamber

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following Scheme:—

1. There shall be a Court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than sixty persons who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

3. There shall be a Committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court, the Council of the Chamber shall have regard to the recommendation of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference, the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it the Arbitrators, if they are more than one, between themselves fix upon an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do everything to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decisions may by writing extend the time to make their award but in no case it

will be later than three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The arbitrators of a tribunal or an Umpire are entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

Rules prepared by the Committee of the Court for carrying on the work of the Arbitration Court.

1. The provisions of Act IX of 1899 (Arbitration), will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word, "The Court "means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of anna one.

4. The submission paper shall state:

(*a*) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

(*b*) Each party shall mention in short the facts of his case.

(*c*) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.

(*d*) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.

(*e*) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the Law.

(*f*) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.

(*g*) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper, the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuse to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witness, if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of envelope, by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission the arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court's Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar shall within four days from the filing of the award give notice to the parties and, when applied for, give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

SCHEDULE

(1) Fee to be tendered with the Reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

(2) The parties before they enter upon hearing shall deposit Rs. 50 for making and

stamping the award which will be accounted for at the time of filing the award.

(3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act and the copying charges.

Rules for the Election of Port Trustees by the Chamber

(Adopted at the Extraordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923.)

1. The Electoral Roll of the Chamber shall be prepared by the Secretary, giving particulars regarding the respective trade of each member provided that the name of each member shall be entered under any one of the following trade sections as he may select, viz., (1) Cotton, (2) Piecegoods, (3) Grain and Seeds, (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary (whose decision shall be final), on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of the circular inviting nomination papers from members desirous of standing as candidates for the election of Port Trustees (as provided in the Rule 3) and the Electoral Roll shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters should be members of the Chamber, or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of members of the Chamber and the Electoral Roll provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be following allocation of seats to different trade interests:—

Trade	*Seats*
Cotton	1
Piecegoods	1
Grain and Seeds	1
General	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any number desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under Rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies, the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber, three clear days before the day fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two Scrutineers for the scrutiny of the voting papers at least seven clear days before the date of the election.

8. On the day of the election, the ballot-box will remain open from 10 A.M. to 6 P.M. (S.T.) in the office of the

Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed, excepting for the purpose of registering their own votes.

9. The candidate or, when there is more than one Trustee to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates, the members shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee, the same course shall be followed in the appointment of a substitute.

12. *If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of election.

13. *In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaign.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the election by the Chamber of a Representative on the Bombay Municipal Corporation

(Adopted at the third Quarterly General Meeting of the Chamber held on 11th November, 1922.)

1. Candidates for the election as a Corporator of the Bombay Municipality, as well as voters thereof, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

2. Those members who wish to become candidates in conformity with Rule 1 should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

4. The Secretary of the Chamber shall circulate the names of the candidates at least seven clear days before the date fixed for election.

5. The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 A.M. to 6 P.M. (S.T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in the ballot-box. The slips containing the signatures of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 P.M. (S.T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued on the return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the pur-

poses of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the highest number of votes, shall be declared duly elected.

7. In the event of two or more candidates getting an equal number of votes the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

8. In the case of there being only one candidate, he shall be declared duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute, the election shall be made in the manner above laid down.

*10. If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the date of election.

*11. In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the Election of a Representative of the Indian Merchants' Chamber to the Senate of the Bombay University under Act IV of 1928

(Adopted at the Extraordinary General Meeting of the Chamber held on 12th February, 1929.)

1. The list of Members of the Chamber in force one week before the election date shall be considered as the Electoral Roll, copies of which can be had from the Office

of the Chamber on payment of Rupee One each. If any changes are required to be made in the names of representatives, etc., in the Roll, information in writing must be given to the Secretary by members one week before the date of election. No intimation received after the due date will be recognised.

2. Candidates for election should be members of the Chamber or representatives deputed by members provided they are always Indians.

3. Any member desiring to stand as a candidate should send in his name to the office of the Chamber ten days before the date fixed for election together with the names of a proposer and a seconder, whose names appear on the Electoral Roll.

Any nomination paper which is not in conformity with these Rules shall be deemed invalid and rejected as such.

4. The Committee of the Chamber shall elect two Scrutineers at least five days before the date fixed for election.

5. If there is not more than one candidate for election, the candidate duly nominated shall be declared to be duly elected. If, however, there are more candidates than one, the Secretary shall send the names of all candidates to each member of the Chamber seven days before the date fixed for election.

6. The Committee shall fix a day (notice whereof shall be given to all members of the Chamber) on which the ballot-box will be kept open from 10 A.M. (S.T.) to 6 P.M. (S.T.). Voting papers will be provided to members in the office of the Chamber and members will be required to place them duly filled in the ballot-box. Counterfoils of the voting papers, which should be placed in another box, should be first signed by the voters. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. The Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of election, and shall on the next working day after scrutinising the voting papers, with the

Secretary, forthwith declare the result. No duplicate voting paper will be issued unless the original is returned.

7. Candidates or their agents shall not be allowed in the room in which the ballot-box is placed, except for the purpose of registering their own votes, and not more than one voter at a time shall be allowed in the room.

8. A candidate getting the highest number of votes shall be declared duly elected. In the event of two or more candidates getting the highest number of equal votes, the election shall be held afresh in the manner above laid down in respect of only those candidates who get highest number of equal votes, within five days of the declaration of the result.

If of the candidates who have secured an equal number of votes all but one withdraw from the contest and intimate in writing such withdrawal to the Secretary not less than two clear days before such a fresh election, the remaining candidate will be declared to be duly elected.

9. *If a candidate is desirous of withdrawing his candidature from the election contest he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of Election.

10. *In case of difference of opinion or a dispute between the candidates for election, the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

PUBLIC BODIES ELECTION RULES

1. These rules shall be called the Indian Merchants' Chamber Public Bodies Election Rules.

2. These rules shall apply to all elections by the Committee of representatives of the Chamber on public bodies

mentioned in the attached Schedule, on which the Chamber has been or is given permanent representation.

3. All elections under these rules shall be made by the Executive Committee of the Chamber.

4. Any member of the Chamber, who is duly proposed by a member of the Committee and seconded by another member of the Committee shall be eligible to stand as a candidate for election.

5. On a vacancy, to be filled by election under these rules, occurring in any of the public bodies, the Secretary of the Chamber shall circulate the information to all members of the Chamber.

6. Candidates for election shall send in their nomination, so as to reach the Secretary within five days from the date of the circular under Rule 5. Nominations shall be in the prescribed form, copies of which can be had from the Secretary.

7. The President shall fix the date of the election. A list of nominations received, together with information regarding the date of election shall be circulated by the Secretary to the members of the Committee two days before such date.

8. The Election shall be by show of hands. In case of tie, the President shall have a casting vote.

SCHEDULE

1. The Indian Central Cotton Committee.
2. Local Advisory Committee of the G. I. P. Railway.
3. Local Advisory Committee of the B. B. & C. I. Railway.
4. Governing Body of the I.M.M.T.S. "Dufferin."
5. Advisory Committee of the Royal Institute of Science.

6. Advisory Committee of the Bombay Development Department.
7. Bombay Traffic Control Committee.
8. Board of Communications, Bombay.
9. Indian Sailors' Home Committee.

(Framed and adopted by the Committee of the Chamber on 7th July 1936.)

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER

1907—13	Sir Manmohandas Ramji.
1913—14	Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1914—15	Sir Fazulbhoy Curimbhoy, C.B.E.
1915—16	Sir Dinshaw Edulji Wacha.
1916—17	Sir Lallubhai Samaldas, C.I.E.
1917—18	Sir Vithaldas D. Thakersey.
1918—19	Sir Chunilal V. Mehta, K.C.S.I.
1919—20	Mr. Jehangir Bomanji Petit.
1920—21	Mr. Lalji Naranji.
1922	Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1923	Sir Fazulbhoy Curimbhoy, C.B.E. (from 24-2-23 to 3-9-23).
	Mr. Devidas Madhowji Thakersey (from 4-9-23 to 25-1-24).
1924	Sir Manmohandas Ramji.
1925	Sir Phiroze C. Sethna, O.B.E.
1926	Mr. Lalji Naranji.
1927	Mr. Walchand Hirachand.
1928	Sir Shapurji B. Billimoria, Kt., M.B.E. (from 31-1-28 to 20-3-28).
	Mr. H. P. Mody (from 30-3-28 to 17-7-28) and
	Mr. L. R. Tairsee (from 28-7-28).
1929	Mr. L. R. Tairsee.
1930	Mr. Hooseinbhoy A. Lalljee.
1931	Sir Chunilal V. Mehta, K.C.S.I.

1932	Mr. B. N. Karanjia (till November).
	Mr. Mathuradas C. Matani (November to January).
1933	Sir Manmohandas Ramji.
1934	Mr. Mathuradas Vissanji.
1935	Mr. Manu Subedar.
1936	The Hon'ble Sir Rahimtoola Chinoy, Kt.
1937	The Hon'ble Mr. Govindlal Shivlal Motilal.
1938	Mr. Gordhandas G. Morarjee.

Secretary : Mr. J. K. Mehta.

Assistant Secretaries : Mr. A. C. Ramalingam, and
Mr. K. P. Daru.

CHAMBER'S REPRESENTATIVES ON PUBLIC BODIES—1939

Representative in the Legislative Assembly (Central)

Mr. Manu Subedar, M.L.A.

Representative in the Bombay Legislative Assembly

Mr. M. C. Ghia.

Representatives on the Board of Trustees of the Port Trust

1. Sir Purshotamdas Thakurdas, C.I.E., M.B.E. (Cotton).
2. Mr. Gordhandas G. Morarji (Piecegoods).
3. Mr. Ratilal M. Gandhi (Grain and Seeds).
4. Mr. M. A. Master (General).
5. Mr. Sankalchand G. Shah (General).

Representative on the Bombay Municipal Corporation

Mr. Bhawanji A. Khimji.

Representative on the Advisory Committee of the Bombay Development Department

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee

Mr. Chandulal P. Parekh.

Representative on the Advisory Committee of the Royal Institute of Science in Bombay

Mr. Kapilram H. Vakil.

Representatives on the Local Advisory Committee of Railways

G. I. P. Railway :—

Mr. Gordhandas G. Morarjee.

B. B. & C. I. Railway :—

Mr. Dhirajlal C. Modi.

Representative on the Panel of the Railway Rates Advisory Committee

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.
2. Mr. Manu Subedar.
3. Mr. Mathuradas Vissanji.
4. Sir Rahimtoola Chinoy.
5. Mr. Kapilram H. Vakil.

Representative on the Governing Body of the Indian Mercantile Marine Training Ship "Dufferin"

Mr. M. A. Master.

Representative on the Senate of Bombay University

Prof. S. R. Davar.

Representative on the Traffic Control Committee (Bombay)

Mr. L. R. Tairsee.

Representative on the Board of Communications

Mr. K. S. R. Iyer.

Representative on the Indian Sailors Home Committee

Mr. M. A. Master.

Representative on the Board of the Bombay Telephone Co. Ltd.

Mr. Mathuradas Vissanji.

Representative on the Sydenham College Advisory Board

The Hon'ble Sir Rahimtoola M. Chinoy, *Kt.*

OFFICE-BEARERS FOR THE YEAR 1939

President

Mr. J. C. Setalvad.

Vice-President

Mr. Chunilal B. Mehta.

Members of the Committee

Elected :

1. Mr. Anandji Kanji.
2. „ Bhawanji A. Khimji, M.L.A.
3. „ B. S. Dabke.
4. „ Chimanlal Bapalal Parikh.
5. „ Erachshaw R. Hirjibehedin.
6. „ H. C. Captain.
7. „ J. P. Mehta.
8. „ Keshavprasad C. Desai.
9. „ Madhavlal Makanji Bhatt.
10. „ Mangaldas B. Mehta.
11. „ M. M. Amersey.
12. Dr. M. Venkatrao.
13. Mr. Nagindas T. Master, M.L.A.
14. „ Nandlal M. Bhuta.
15. „ N. J. Shah.
16. „ Pranlal Devkaran Nanjee.
17. „ R. G. Saraiya.
18. „ Russa H. M. Mehta.
19. „ Sarabhai Prataprai.
20. „ S. C. Majumdar.
21. „ Thakorlal H. Vakil.
22. „ Vijaysinh Govindji.
23. „ Vithaldas D. Govindji.

Co-opted :

1. Sir Ardeshir R. Dalal, Kt.
2. Mr. Hooseinbhoy A. Lalljee, M.L.A.
3. „ Gordhandas P. Sonawalla.

4. The Grain Merchants' Association (Mr. Kimji Shamji).
5. The Bombay Shroff Association (Mr. Mohanlal A. Parikh).
6. The Bombay Yarn, Copper and Brass Native Merchants' Association (Mr. Gordhandas Jadhavji).
7. The Maharashtra Chamber of Commerce (Mr. M. L. Dahanukar).
8. The Seeds Traders' Association (Mr. Ratilal M. Gandhi, M.L.C.).
9. The Bombay Yarn and Silk Merchants' Association (Mr. Purshotamdas Popatlal).
10. The Bombay Rice Merchants' Association (Mr. Mahomed H. H. Premji).
11. The Chamber of Income-tax Consultants (Mr. Bhogilal C. Shah).
12. The Bombay Iron Merchants' Association (Mr. Harilal Ramji Mehta).
13. The Indian National Steamshipowners' Association (Mr. Shantikumar N. Morarji).
14. The Bombay Cotton Merchants and Muccadam Association (Mr. Purshotamdas H. Shah).
15. The Indian Motion Picture Producers' Association (Mr. Mahomed A. A. Fazalbhoy).

Ex-officio :

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E. (Bombay Port Trust).
2. Mr. Manu Subedar, M.L.A. (Central Legislative Assembly).
3. Mr. M. C. Ghia, M.L.A. (Bombay Legislative Assembly).
4. Mr. Gordhandas G. Morarji (Bombay Port Trust).
5. The Hon'ble Sir Rahimtoola M. Chinoy, Kt. (Sydenham College of Commerce).

6. Mr. L. R. Tairsee (Bombay Traffic Committee).
7. Mr. Behram N. Karanjia, M.L.C. (Trustee of the Chamber).
8. Seth Chatrabhuj Gordhandas (Trustee of the Chamber).
9. Mr. M. A. Master (Bombay Port Trust).
10. Professor Sohrab R. Davar, M.L.C. (University Senate).
11. Mr. Kapilram H. Vakil (Royal Institute of Science).
12. Mr. Chandulal P. Parikh (Indian Central Cotton Committee).
13. Mr. Dhirajlal C. Modi (B. B. and C. I. Railway Local Advisory Committee).
14. Mr. K. S. Ramchandra Iyer (Board of Communications).
15. Mr. Sankalchand G. Shah (Bombay Port Trust).

Mr. J. K. Mehta, M.A. (Secretary).
„ A. C. Ramalingam (Assistant Secretary).

LIST OF JOURNALS AND PERIODICALS RECEIVED IN THE LIBRARY OF THE INDIAN MERCHANTS' CHAMBER

Quarterly

1. Empire Cotton Growing Review.
2. Swedish Economic Review.
3. Finish Trade Review.
4. Journal of the Council for Scientific and Industrial Research (Australia).
5. The Journal of the Indian Institute of Bankers.

Bi-Monthly

1. The Yokohama Trade Review.
2. Industrial Safety Survey (International Labour Office).

Monthly

1. *Monthly Bulletin of Statistics issued by the League of Nations.
2. International Conciliation.

3. London Chamber of Commerce Journal.
4. Monthly Journal of the Liverpool Chamber of Commerce.
5. " " " Manchester " "
6. " " " Sheffield " "
7. " " " Bradford " "
8. " " " Nottingham " "
9. " " " Northamptonshire " "
10. Monthly Report on Current Economic Conditions in Japan issued by the Tokyo Chamber of Commerce.
11. The Commercial Review, Alleppey.
12. Southern India Commerce.
13. * National Geographic Magazine.
14. Indian Insurance.
15. Mercantile Guardian.
16. * International Labour Review.
17. Bombay Labour Gazette.
18. Engineering Progress.
19. Monthly Sea-borne Trade Return of British India.
20. Monthly Returns of the Coasting Trade of British India.
21. Monthly Statistics of Cotton, Shipping and Weaving in Indian Mills.
22. Trade at Stations adjacent to Land Frontier Routes.
23. Exports of Indian Artware and Sportsgoods.
24. Kathiawar Trade Statistics.
25. Raw Cotton Trade Statistics.
26. Joint Stock Companies.
27. Statistics of Import and Export trade in Cotton Yarn and Piecegoods of British India (Issued by the Bombay Millowners' Association).
28. Statistics of Import and Export trade in Cotton Yarn and Piecegoods of the Bombay Presidency excluding Sind. (Issued by the Bombay Millowners' Association).
29. * Modern Review.
30. * Asia.
31. American Exporter.
32. The German Industrial Echo.
33. German Exporter.
34. Belgium Abroad.
35. Swedish Exporter.

36. Indian Concrete Journal.
37. Monthly Review of the Lloyds Bank.
38. „ „ „ National City Bank of New York.
39. „ „ „ Barclays Bank.
40. „ „ „ Midland Bank.
41. „ „ „ Westminster Bank.
42. „ „ „ Federal Reserve Bank.
43. "Index"—(Svenska Handelsbanken, Stockholm).
44. World Trade (International Chamber).
45. Ubersee Post.
46. Mysore Economic Journal.
47. Tisco Review.
48. N. Y. K. Travel Bulletin.
49. *Fortune (U.S.A.).
50. Indian Trade and Finance.
51. Financial Times.
52. *Times (London) Trade and Engineering Supplement.
53. Safety News.
54. *Indian Textile Journal.
55. *Indian Home.
56. Burma Trade Journal.
57. The Ceylon Trade Journal.
58. Journal of the Motion Picture Society.
59. Public Information Series.

Weekly

1. *Economist.
2. *New Statesman and Nation.
3. Commerce, Bombay.
4. *Indian Finance.
5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Reports (U.S.A.).
8. Industrial and Labour Information. (I.L.O.).
9. Bombay Government Gazette.
10. *Gazette of India.
11. *Servant of India.
12. Commerce and Industry.
13. *Harijan.
14. *Roy's Weekly.

15. Weekly Market Report by Messrs. Premchand Roychand.
16. Report of German Institute for Research.
17. * Indian Social Reformer.
18. * Indian Affairs.
19. Great Britain and the East.
20. The Financial News.

Occasional

1. Central Legislative Assembly Debates.
2. Council of State Debates.
3. Bombay Legislative Assembly Debates.
4. „ „ Council Debates.
5. * Publications of the International Labour Office.
6. Indian Tea Statistics.
7. Indian Coffee Statistics.
8. Indian Agricultural Statistics.
9. Wholesale Price of certain Staple Articles of Trade at Selected Stations in India.
10. * Publications of the League of Nations.
11. Bulletins issued by the United States Bureau of Labour Statistics.
12. Bulletins issued by the Government of Bombay, Department of Industry.
13. Bulletins issued by the Government of Bombay, Agricultural Department.
14. Bulletins issued by the Council of Agricultural Research Commonwealth of Australia.
15. Reports of several Chambers of Commerce and other Commercial Associations.
16. Reports of Tariff Board.
17. Customs Tariff of different nations as supplied by the Department of Commercial Intelligence and Statistics, Calcutta.
18. Publications issued by the Department of Commercial Intelligence and Statistics.

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* Subscribed for by the Chamber.

Gujerati Periodicals

1. Praja Bandhu (Weekly).
2. Gujerati Punch (Weekly).
3. Sarvoday.
4. Khetiwadi Vignan.
5. Bhagyoday.
6. Prasthan.
7. Majur Sandesh.

THIRTY-FIRST ANNUAL GENERAL MEETING

The Thirty-First Annual General Meeting of the Members of the Indian Merchants' Chamber was held on Wednesday, the 25th January 1939, at 12 noon (S.T.) at the office of the Chamber.

Mr. Gordhandas G. Morarji (President) was in the Chair.

The Honourable Mr. B. G. Kher, Prime Minister, Government of Bombay, was present by invitation.

The following members were present :—

Mr. Gordhandas G. Morarji (*President*).
Mr. J. C. Setalvad (*Vice-President*).

Mr. Chunilal B. Mehta
„ M. A. Master
„ Sarabhai Prataprai
„ L. R. Tairsee
„ Manu Subedar
„ J. P. Mehta
„ K. S. R. Iyer
Sir Byramjee Hormusjee
Mr. Ratilal T. Thakkar
„ Manekland Premchand
„ Dhirajlal C. Modi
„ Purshotamdas Harkisondas
„ Pranlal Devkaran Nanjee
Mr. Kapilram H. Vakil
„ C. B. Parikh
Dr. M. Venkatrao
Mr. Vijaysinh Govindji
„ Russa H. M. Mehta
„ J. P. Katgara
„ Morarji J. Vaidya
„ Chimanlal Bhogilal
„ Ramdas Girdhardas
„ M. A. J. Noble
„ B. K. Setalvad
„ Mohanlal A. Parikh
„ Lakhamsi Ghellabhai
„ C. P. Mehta
„ Sankalchand G. Shah

Sir Rahimtoola M. Chinoy
Mr. N. M. Bhathena
„ H. C. Captain
„ S. K. Dehlavi
„ M. M. Mundkur
„ N. G. Shah
„ Shamji Vallabhji
„ Shantikumar N. Morarji
„ J. M. Rajput
„ J. T. Halai
„ V. N. Patruni
„ K. N. Bhandari
„ B. M. Bhargava
„ Madhavlal M. Bhatt
„ N. H. Pujara
„ Ratilal M. Gandhi
„ Purshotamdas Popatlal
„ Thakorlal H. Vakil
„ J. J. Singh
„ R. M. Nanavati
„ A. R. Bhat
„ Anandji Kanji
„ N. P. Motiwalla
„ M. M. Amersey
„ Bhawanji A. Khimji
„ B. D. Khimji
Mr. Anandji Haridas
„ Jamnadas Meghji
„ D. M. Dahanukar
„ B. S. Dabke
„ Venilal N. Patwa
„ Nusserwanji S. Guzder
„ Valabhdas Ranchordas
„ N. J. Gor
„ Khimjee Shamjee Popat
„ Prabhulal C. Shah
„ P. P. Adalja
„ Morarji Hemraj
„ Venkatrao Sista
„ Mohanlal T. Shah
„ N. K. Suntoke
„ Dinshaw B. Irani
„ L. C. Wadhwani
„ M. H. Hasham Premji
„ Hiralal Amritlal Shah
„ Hooseinbhoy A. Lalljee
„ R. N. Chhopra
„ Behram N. Karanjia
„ Chatrubhuj Morarji
„ Hariram Jethabhai
„ T. M. Gandhi
„ J. K. Mehta (*Secretary*)

1. The Secretary read the Notice convening the meeting.

2. Mr. Gordhandas G. Morarji, President, delivered the following speech :—

Hon'ble Mr. Kher and Gentlemen,

I have great pleasure to place before you the report of the work done by your Committee during the last calendar year, which has been already placed in your hands.

Our Provincial Government

I should like, before I deal with any other topic, to welcome the Honourable the Prime Minister, who has been

pleased to honour us with his presence at this meeting. This is the 31st Annual Meeting we are having, and it is the first time that a distinguished guest, like the Hon'ble the Prime Minister, is present. When Provincial Autonomy was ushered in and the Congress Party chose to accept office some of us thought that the Chamber should invite the Hon'ble the Prime Minister to attend the Annual Meetings from henceforward. A Chamber of Commerce always acts as an intermediary between the business community and the Government of the day and, I can say with legitimate pride, that this Chamber has always carried out its duties best as such an intermediary. During all these years, this Chamber has interpreted the nationalist standpoint to the authorities; even though sometimes such a task might have been very delicate and beset with all sorts of difficulties. This Chamber was started at a time, when it was seriously believed that politics had no place in business. It was this Chamber which, steadily but surely, got this view changed and in its place got established the doctrine that business and politics could never be separated and they always went hand in hand. This doctrine is accepted all over the world. In India, particularly, situated as we are, we cannot divorce either economics or business from politics, for, if we do, our last state will be worse than the first. We welcome the advent of a national Government to power in the Province and have seen how our expectations have been more than justified by the achievements of the present national Government during the last year and a half that they are in saddle. The Hon'ble the Prime Minister, who is with us today, has distinguished himself for his sober commonsense and his unfailing good humour and courtesy on all occasions. His Government has taken up the question of the development of trade and industries in a very sincere and systematic manner and the appointment of the Industrial Advisory Board, Economic and Industrial Survey Committee, the Commission on Vocational Education and the like, is an index to the sincere and passionate desire which has inspired the Cabinet to bring about a rapid progress of the Province in the economic sphere. Trade, industries and agriculture are all taken conjointly, and while Government have their

vivid sympathies with the agriculturist and have set about removing his burden of centuries, trade and industries are considered no less vital and efforts are being put forward to help them also. The reports that have been issued by Government showing their work for the two periods of six months may well be perused with advantage by both those who are sceptical about the work of a nationalist Cabinet and by those who, being nationalists themselves, would welcome any national Government. It is a record of which any Government in the world may be proud, and I take this opportunity, Mr. Prime Minister, to congratulate you and your Cabinet on this record. It is not only the quantum and the quality of work which have distinguished this regime; but behind all this work is a splendid and earnest desire for service and sacrifice which form the two watch-words of the Indian National Congress. Having set up this standard, they accepted lower salaries and are devoting all their energies to the work with which the nation has entrusted them to such an extent that we feel anxious whether they will be able to bear up under this strain.

I must admit that the Committee of this Chamber have several times been obliged to criticise certain steps, both executive and legal, taken by the Government of Bombay. We have done so, however, as a matter of duty to the interests we represent, and in our criticism we have always cared to look to the angle of vision which has inspired Government. The commercial and industrial community has a certain ideology and certain economic doctrines and theories of life, and if we find that there is a discrepancy between what Government have done or propose to do and these theories, it devolves upon us to criticise such measures frankly.

Labour Legislation

With regard to labour measures, which the Bombay Government have been so assiduous in pushing forward, while we have welcomed them in no mean and grudging manner, we have at the same time pointed out, however unpopular our expression of opinion might have been, that any undue haste with regard to such measures might be fraught

with danger to industrial progress and prosperity of the country. We have also pointed out—and I emphasise this aspect here with great force—that there should be no less an effort at uniformity with regard to such questions throughout all the eleven Provinces of the country, as otherwise, as has already happened, industries in certain Provinces and States might benefit at the expense of those industries in other States and Provinces where they may be subjected to much labour legislation. Because of this, we suggested last year that there should be a Co-ordinating Board and a resolution was also moved to this effect in the Bombay Legislative Council, but afterwards withdrawn under the assurance that Government have borne this fully in view. It is true that the present state of things is due more or less to the anachronism of the Centre being far less advanced than the Provinces.

Industrial Development

We appreciate the efforts which are being made to speed up the development of industries and the assurances which are given that attention will be paid not only to cottage and small industries but also to large scale industries. It may be mentioned that there is no small misunderstanding even with regard to the attitude of the commercial and industrial community regarding small and cottage industries. It is several times given out that they are wedded only to large scale industries and would not look sympathetically to small and cottage industries. The attitude, however, of the commercial and industrial community has always been to ask for Government protection and encouragement to both these industries which they rightly consider to form as much keystones of the structure of industrialism as large scale industries. If India is to be a self-contained unit, we shall have to get help from small and cottage industries which have been always of the soil and which at the same time link agriculture to industry. The future of India lies in the co-operation of small industries, cottage industries, large scale industries, agriculture and commerce; and we hope that with the help of Congress Governments which are now established in eight Provinces and the three other Governments in the other Provinces, India will be able to forge ahead towards her goal.

Devaluation of the Rupee

Our Committee welcome the resolution of the Congress Working Committee regarding the devaluation of the Rupee. While the Congress has always looked favourably at the struggle being waged in this connection by Indian Chambers of Commerce, it was for the first time, if I mistake not, that no less a body than the Congress Working Committee laid down a resolution accepting the policy of 1sh. 4d. as the exchange value of the Rupee, thereby justifying all the fight that has been put up by Indian business community in this regard, and also committing the Congress to this fight in future. While it was not unexpected, the communique, which was issued by the Government of India as a reply to this resolution of the Working Committee, came as a disappointment, for it was thought that after the strong support which is said to have been given by the Reserve Bank and the equally strong support given by the Working Committee, the Government of India would reconsider their position and not continue their usual attitude. Since 1926 onwards, it has been our duty to convince the Congress High Command and others connected with it that, if anything has affected agriculture for the worse, it is this sinister pegging up the Rupee to 1sh. 6d. It is, therefore, heartening to see that the Working Committee have considered that the rate of exchange of 1sh. 6d. has hit hard the agriculturists of the country by lowering the prices of agricultural commodities and giving undue and unfair advantage to imports into this country. This has been shown by the gradual decline in the balance of trade and though the rate has been maintained by large exports of gold a stage has been reached when it can be maintained now only by a policy of contraction of currency and credit and further depletion of gold and sterling resources. Despite all this, the Government of India placed their reliance upon the argument that the budgetary position of the Central Government and larger Provincial Governments would be seriously weakened. It is also surprising that Government still adhere to their anti-diluvian argument about the lowering of the ratio doing no good to anybody except the moneyed and speculative interests, who secure, it is said, an additional but unseen alround

increase of 12½ per cent in the protection accorded to them at the expense of the consumers. So, here is the cat out of the bag. Unwittingly, perhaps, Government have here supported the very argument which is used against the ratio which Government have foisted upon the country, namely, that this 12½ per cent is a subsidy to the foreign manufacturing interests, and here Government have supported this subsidy in the name of the so-called consumers !

Railways : Freights and Finance

The question of this large national industry has assumed an unusually great importance at the present time, due to changes in the constitutional position of this country. The provision for a Statutory Railway Authority in the Act of 1935 should open the eyes of the public in general, and the commercial community in particular. The administrative control and the executive authority of Railways, as you are aware, will be taken away from the Federal Assembly. It is obvious that this proposal is the result of distrust of the democratic principle in Government, and as such the whole scheme must meet with strong criticism.

Apart from the administrative aspect of the Railway system in India, the economic importance it has assumed, by the Neimeyer Award is greater still. The Federal and Provincial revenues will greatly be dependent upon the prosperous working of the Railways. Provincial Governments have, to a large extent, to depend on the contributions they receive from the Centre, to carry on their nation-building activities. The contributions from the Centre will depend to an extent on the surplus available in the working of the Railways. It is, therefore, no exaggeration to say that the whole national economy of the country hangs on the prosperity of Railways in India.

The Railways as a means of transport to augment industrial growth in our country have been a failure. Its working vis-a-vis the industrial growth has been proved to be harmful for industrial advance. The late Sir Vithaldas Thakersey, in 1912, and Sir Ibrahim Rahimtulla in 1915, in the Imperial Council, in their speeches, proved beyond challenge that Railways as a means to help indigenous in-

dustries had been a failure. The Industrial Commission and the Acworth Committee recorded the same tale of sorry plight. "It is a grievance of longstanding," observes the Acworth Report, "that the Railways fix their rates to suit their own pecuniary interests, if indeed it be not to suit the interests of European merchants, regardless of the effect of those rates on the native industries of India, and we have no doubt that the charge is accepted as proved beyond doubt." This feature of our railway policy has adversely affected the utilisation of raw materials produced within the country by our factories, because it helps the import of foreign materials in our market. The local manufacturers pay relatively higher railway freights both on raw materials collected from internal producing centres and in marketing their finished products in local consuming markets. Different Tariff Board reports have expressed dissatisfaction at the rating policy and its effect on industries.

Another feature of railways in our country is a slow and snail-like pace with which they move in changing their attitude towards new factors emerging in the domain of transport. The motor transport, e.g., is in recent times taking the place of railway transport, and I am afraid, before long it will soon consolidate itself if timely adjustments in rates are not made by the authorities concerned. Freight rates which were fixed before or after the War have not only been not reduced, but on the contrary, they have been increased, even when price indices of certain commodities have gone down. As an instance, I shall only give you some figures of cotton freight at different periods from Karachi :—

Distance (Miles).	Stations	Rate in 1917. Rs. a. p.	Rate in 1932. Rs. a. p.	Percentage increase. %
575 ..	Multan	1-0-9	1-13-9	75.1
111 ..	Hyderabad	0-3-7	0- 5-9	60.93
786 ..	Amritsar	1-6-8	2- 8-9	76.1
684 ..	Lyallpur	1-3-9	2- 3-5	82.97
721 ..	Sargodha	1-4-9	2- 5-3	79.5
755 ..	Lahore	1-5-9	2- 7-0	79.3
711 ..	Sangla Hill	1-4-9	2- 4-9	77.1

This increase, hits the finances of railways as well as the cultivators in villages. Repeated representations have been made to Government to revise their freight policy in the light of new circumstances, but to no purpose. Sir Purshotamdas Thakurdas, in his recent presidential address before the East India Cotton Association voiced the same grievance of the cultivators and merchants dealing in cotton towards this aspect of freight charges—both internal and external.

Tenancy Legislation in India

In autonomous Provinces in India Ministers have set about to introduce legislation to rehabilitate the condition of labour and peasant, so far unsatisfactory. Many and far-reaching social and economic reforms, to achieve this end, are under consideration; some Provinces have already placed some such measures on the Statute Book; one such reform, namely, the tenancy legislation is, in some Provinces under discussion, in others it has already become the law of the land. It is not my purpose here to criticise or endorse some of the provisions as laid down in those reforms. My main purpose, however, is to make one point clear and it is that all such measures which strike a bargain between the landlord and the tenant ought to provide and follow facilities for credit to the peasants, lest, the purpose for which such a legislation is under consideration, should not be fulfilled.

The Madras Debt Relief Bill only reduces the amount of debt contracted before 1932, but makes no provision for easy payments by a debtor. The result will be, I think, that there will be a large number of foreclosures and sales of land in case debtors cannot repay the reduced amount. The Restitution of Mortgaged Lands Act of Punjab likewise deprives the mortgagee of his prerogative to own land, which was mortgaged by the mortgagor before the Land Alienation Act of 1901, but makes no provision, either for compensation to the landlord or any credit facilities to the tenant. The Bombay Tenancy Bill which is coming for discussion at the Bombay Session also enunciates, that a protected tenant will not be evicted of the land which he was cultivating for the past six years if he satisfied all the terms of payment, subject

to certain minor conditions as laid down in the Bill. It will be apparent from the discussion that in no Bill or Act, I have referred to, is there any provision for credit facilities to the tenants. Viewed then, in the light of this state of affairs, I think the main problem of our agricultural economy is not how to scale down debts, but how to reconstruct the credit machinery. Given a credit machinery, it would not be very important to look too closely into the details of the provisions. In the absence of such a proper provision for future credit facilities, I feel that the disturbance created in present arrangements by such legislation may have serious consequences to the detriment of the peasant in the land.

Insurance

The Government of India have enacted three very important pieces of legislation during the last three years, viz., the Companies' Act, the Insurance Act and the Income-tax Bill. The Insurance Act has been already placed upon the statute book and will come into force from the 1st of April of this year. The main object of that Act was to protect Indian Insurance Companies against the inroads and encroachments of foreign companies; and suggestions were put forward by representatives of Insurance Companies as well as by commercial institutions like our Chamber to this effect; but the Act as it passed from the Legislature did not embody several of these suggestions. At the same time, it must be said that the Act, as it is now placed on the statute book, is a progressive piece of legislation, and it is expected that it will be a great help towards ensuring the progress of Insurance Companies. Defects there are, and it is hoped that these defects will be removed in near future through amending Bills. There is one direction in which Insurance Companies can secure the help and assistance from Provincial Governments, and this was pointed out indirectly by the Hon'ble Sir N. N. Sircar who observed that "as a matter of fact apart from the six or seven Provinces in which my friends are in power, there is no reason to think that in other Provinces also the same course will not be followed." The Indian Insurance Companies have approached the different Provincial Governments and

it is a mateer of joy to record that the Government of Bombay have laid down a policy to place all the insurance under their control with Indian Insurance Companies. As a result of this decision, the Indian Companies have been receiving Government business on renewals. The Bombay Legislative Council also passed a resolution in October, last year, directing various Government Departments to take necessary steps in the matter of placing of insurance business under their control with Indian Companies.

I congratulate the Government of Bombay and the Bombay Legislature for thus taking a lead in the matter, and I trust that other Provincial Governments will follow suit.

Government have also framed rules under the Insurance Act and circulated them for eliciting public opinion. Mr. J. F. Thomas, Superintendent of Insurance, was in Bombay early in January and discussed those rules with the Insurance Associations. While the rules generally provide the necessary details for completing the picture to give effect to the scheme of the Act there are one or two particulars in regard to which the rules require to be radically amended. For instance, an attempt is made under the rules to define what shall constitute a contract of Insurance and the definition so proposed would remove from the various provisions of the Act certain types of insurance business transacted in India by foreign insurers. If the rule in question is passed in that form one of the objects underlying the Act would be defeated. Your Committee have suggested modifications to the rules in certain directions and hope that the same will be accepted by the Government of India.

I would also like to refer to artificial restrictions put upon Indian Companies by various Tariff Associations dominated by non-Indian Companies all over the country, which prevent Indian Companies from securing the support of leading Indian commercial houses and which are unheard of in other countries of the world including England. This greatly handicaps Indian Insurance Companies in their natural development and growth and I hope and trust that such artificial restrictions will be removed at an early date.

Again, the slow progress and growth of the Indian Companies is also due to the antagonism of the exchange Banks towards Indian Companies, some of the Exchange Banks going to the length of persistently refusing to accept policies issued by Indian Companies. The Chamber has drawn the attention of the Foreign Exchange Banks' Association to this attitude adopted by some of its members.

I appeal to the Indian Banks to give Indian Insurance Companies more support than what they have done in the past and thus counteract the perverse attitude of Foreign Exchange Banks.

Rate-War and Indian Shipping

When I referred to the question of the rate-war in the Haj trade in my last speech, I did not expect that the Mogul Line would terminate the agreement of the minimum rate in that traffic which was made by them with the Scindia Company under the good offices of the Government of India. Whatever the motives of the Mogul Line may be in determining that agreement, one thing is absolutely clear that the rate-war, which is being waged by them, is not at all in the interests of the pilgrims. This is recognised on all hands.

While no one can dispute the truism that the working of such an agreement calls for the real desire to do so on both parties making the agreement, it is to be deplored that the Government of India could take no further effective action either by legislation for fixing rates or for fixing quotas to prevent this rate-war which they themselves admit is not in the interests of the pilgrims and thus ensure the entry of the national shipping enterprise in the overseas trade of this country.

It is universally recognised that the possession of a powerful national mercantile marine serves as a great instrument of national policy. I need not, therefore, add that the development of a powerful Indian Merchant Navy is not only necessary for safeguarding the interests of India's vast maritime trade and furthering its larger economic interests but is also essential for the purpose of strengthening its policy

of defence. Every important maritime country in the world, therefore, is doing all it can to protect and further the growth of its own mercantile marine. Even the Prime Minister of Great Britain which possesses one of the most efficient mercantile marine in the world assured the Britishers that they are "not going to see the British mercantile marine swept off the seas," and Viscount Runciman stated the other day that "if they require Government assistance, they have only to make their case successfully and they will find that the Government are ready to respond." When one contrasts these encouraging and inspiring messages which the highest authorities in Great Britain have given to its national shipping industry, efficient, powerful and resourceful as it is, with the policy of complete helplessness, if not utter inaction of the Government of India, to develop shipping owned, controlled and managed by Indians in India's maritime trade both coastal and overseas, one feels bitterly the absence of a national Government at the centre—a Government which would be zealously and entirely devoted to the interests of India and India alone. These are the signs of the times and you will all agree with me that they should strengthen us in our grim determination to fight for India's economic and political freedom.

Conclusion

Before I conclude, I have to congratulate my friend, Mr. J. C. Setalvad, on his unanimous election as President of the Chamber. You are all aware of the valuable services rendered by him to this Chamber, and I am glad that he has received the very high distinction this Chamber can confer. I hope and trust that the Chamber will prosper during his regime and that he will keep up the high traditions which have been established by the Chair of the Chamber. I also congratulate my friend, Mr. Chunilal B. Mehta, on his election as Vice-President of the Chamber. The services of Mr. Mehta are also equally known to you, and I am sure he will perform the duties of the Vice-President with equal zeal and earnestness and help the deliberations of the Chamber with his knowledge of currency and exchange, cotton and bullion. I also cannot conclude without expressing my heartfelt thanks to

my colleagues on the Committee of the Chamber who gave me wholehearted support during my regime as the President of the Chamber. I have endeavoured to meet with their expectations, and I hope that I have justified the confidence reposed in me.

Last, but not the least, I must say a word of very high appreciation for the very valuable advice, assistance and ungrudging work which I received from our Secretary, Mr. Jayasukhlal Mehta and his staff during the term of my office. Presidents come and Presidents go, but the magnificent continuity of work can only be maintained if the Secretary of an institution guides its deliberations to justify the high traditions for which the institution stands. Mr. Mehta has admirably filled this office and the credit of making the Chamber what it is today can be given to him in no small degree.

Once again, Gentlemen, I thank you one and all for doing me the honour of electing me President during the course of the last year, and I hope and trust I have endeavoured to acquit myself to your satisfaction.

Mr. J. C. Setalvad (in-coming President), while seconding the adoption of the Report of the retiring Committee for the year 1938, spoke as follows :—

Mr. President, Hon'ble Mr. Kher and Gentlemen,

I am much obliged to you all for your unanimous election of myself as President of the Indian Merchants' Chamber for the new year. It is an honour which I prize highly, as Presidentship of this Chamber means a position of great responsibility and a position in which one can do his best for the furtherance of the interests of the Indian commercial community. I am much obliged to the retiring President for the kind words with which he has congratulated me. The new year is going to be very important, and your Committee will have to consider questions of serious import to the business world. I realise the heavy work which confronts me, but I hope that I shall be able to discharge my duties satisfactorily

with the co-operation of you all and to give over charge to my successor with satisfaction at the work done during the course of the year.

Retrospect

The year just past was not particularly good for trade and industries of the country. A heavy decline of prices, specially, of raw products set in and cotton particularly was affected by the tremendous declension in prices. It has now become almost a platitude to say that the Indian agriculturist hardly gets anything for his labour and hardly sufficient to keep his body and soul together. Specially, however, this was the case last year with the cotton agriculturists. Various steps were suggested by chambers of commerce, cotton associations and others, to protect the agriculturist from the impending doom; but all the suggestions made were turned down by the Government of India. All that the Local Governments could do was to make remissions in the matter of agricultural assessments, and this many of them did. Warnings also have been given to cotton agriculturists with regard to acreage of cotton. The wheat agriculturists were also similarly affected and the Government of India came to their help in nick of time by restoring the duty on imported wheat. With regard to cotton growers Government can help them at least by a reduction in the railway freight. I am afraid that the plight of the cotton grower in time to come is not particularly going to be a happy one, what with the plethora of cotton stocks in the world, disturbed conditions everywhere, Sino-Japanese conflict, and also, I may say, the likelihood of artificial silk being manufactured in the country. The cotton farmers, therefore, may have to divert their attention to some other crops, either commercial or food, and the efforts of Provincial Governments should be directed in helping them in these times of transition. The balance of trade as a result of all these lower prices and disturbed European conditions, went very much down and it was very difficult because of this to maintain the Rupee at the exchange of 1sh. 6d. This could only be done with the dissipation of India's Sterling resources, attention to which has been drawn by the President in his speech. I would only join my voice

to his in emphasising the utmost importance of having a propaganda for fixing the exchange at 1sh. 4d. The support given by the Congress High Command to this demand is surely an augury of good, and it is hoped that with their support, this long-delayed demand of the commercial public will be granted at last.

Rupee Ratio

As you will have seen from the papers, the deputation of the representatives of this Chamber that waited on His Excellency the Viceroy, urged upon him the imperative necessity of revising the Rupee Sterling Ratio of Sh. 1|6 to Sh. 1|4 or any such lower basis, as would conform to the necessities of the times. It would not be considered improper if I refer to the reply of His Excellency the Viceroy to our representation. I am sorry to say that beyond a mere reiteration of the position taken up by the Government of India on this question and the dogmatic assertion unsupported by any facts or statistics, His Excellency did not say anything in his reply which could bring conviction to the practically unanimous opinion of the commercial and industrial community of India that a lower ratio than 18d. would be both in the interests of agriculture, industry and commerce of the country. It is difficult to follow His Excellency's conclusion that a lowering of the value of the Rupee would not benefit the agriculturists. The experience of a number of countries in the world, politically free and independent, to adopt such currency and exchange policies as are best calculated to further their economic interests, is entirely contrary to His Excellency's conclusions. I would not go into the history of the action taken by several leading countries of the world to devalue their currencies primarily with the object of supporting the grower of primary commodities. But it is significant to remind the Government of India that President Roosevelt has recently sought powers for his Legislature to renew authority which expires shortly for a further period of two years, to devalue the Dollar still further if the economic necessities of his country warrant such action. The argument that the lowering of the rupee would impose an additional

burden on the taxpayer entirely ignores the general and widespread change in the whole economy of the country which would be ushered in by a proper and correct valuation of the rupee.

It is the considered opinion of the commercial community of this country that the lowering of the value of the rupee would stimulate a rise in the prices of the agricultural products and place at the disposal of the vast majority of the population of this country additional purchasing power which would liberate new economic forces in the country and consequently increase the taxable capacity. Even in the event of the lowering of the exchange causing an additional burden during the transitory period of adjustment, I am definitely of opinion that the country will cheerfully bear this burden in the belief that the correct valuation of the rupee would ultimately ensure economic advancement both in respect of better realisation of our agricultural produce and consolidation of Indian industries vis-a-vis foreign competitors.

If the Shares and Stock Exchange are any index to the industries their condition also was not such as one could congratulate oneself upon. The Iron and Steel industry, however, has been doing well, though the cotton weaving industry in the Presidency had to pay additional charges as a result of the interim report of the Textile Labour Enquiry Committee, to the tune of about one crore of rupees. The condition of this industry has decidedly grown bad during the last few months and it is difficult for it to keep its head above water. The enquiry has been resumed now, and it is likely that some more burden may be thrown upon the industry. If the Textile Labour Enquiry Committee, however, after a serious study of these problems, comes to the conclusion that there are certain amenities of life which are necessary for labour employed in the cotton textile mills and which must be granted, I do not think any manufacturer will grudge these amenities, even though it may mean placing another burden upon the industry. A well-satisfied labour is an asset of the industry, and the conditions in which some of the labourers have to live cannot said to be a compliment to the industry itself.

Turning now to the world events, the world appears, in the words of the South African statesman, Mr. Pirow, on the verge of another great war, and it is under the shadow of this chaotic condition that we take stock of the year that has just ended.

The beginning of the year 1938 saw constitutional crisis, both in England and India. The Foreign Minister of England resigned, out of disgust, towards fascist forces being indirectly encouraged by his Cabinet colleagues. The crisis in India was even of a greater magnitude, and had it not been for the wise statesmanship of the Viceroy and Mahatma Gandhi shown over the question of release of political prisoners in Bihar and the United Provinces, things would have deteriorated to a degree, which it is both unpalatable and dangerous to visualise. The next political event of importance was the meeting of the two totalitarian dictators of Germany and Italy at Rome; the meeting can fairly be interpreted as a prelude to the birth of a crisis in Czechoslovakia. The democracies, on the other hand, consolidated their position of mutual understanding by a visit, which their Majesties paid to France.

England appointed another Commission to review the Peel Report, and the report of the Commission, presided over by Sir Woodhead recommended the annulment of the partition of Palestine. The outstanding event, however, in the year was the crisis in Czechoslovakia, which threatened the peace of the world; how far the Munich Pact is a precursor of permanent peace, is a matter which the future historian is better entitled to judge. Suffice it to say that the price of peace which Mr. Chamberlain paid is too heavy to be weighed in terms of honour or defeat.

The year, unfortunately, had to record the deaths of some of the finest sons of their respective countries—Turkey lost the maker of that country, as she is today, in the death of Kemal Ataturk. India lost shrewd businessmen in the demise of Sir Nowroji Saklatvala and Sir Phiroze Sethna.

In the domain of commerce, trade and industry, the pacts Mr. Chamberlain's Government arrived at, with Italy,

Eire and last but not the least, the U. S. A. are those the political and commercial importance of which is too large and significant to be elaborated in a short review of this nature.

Coming to India, the country is still awaiting a satisfactory solution of the Hindu-Moslem problem. The situation with regard to this has gone from bad to worse. Every leader has said that the advent of Swaraj depends upon a peaceful and happy solution of this problem. And yet, it is our misfortune that we are not able to have such a peaceful solution. Our business community is specially affected by the communal troubles and differences which have arisen and are arising in different parts of the country. Progress of trade, commerce and industries always requires a peaceful atmosphere, and all such communal differences hit most adversely the business community. The business community is in earnest when it wants a solution of the communal difficulties and differences as soon as possible. I therefore consider it a happy augury that two such great leaders of the country as Mahatma Gandhi and His Highness the Aga Khan, who always cherish a great faith in Hindu-Moslem unity, have met together at Bardoli. Let us hope that this meeting will lead to tangible and fruitful results, and that the two communities will join together for the emancipation of India.

Legislation—both Central and Provincial—has achieved good results in that certain Bills have been discussed and certain others placed on the Statute Book while yet others are under deliberation; the Insurance Bill, the Motor Vehicles Bill, the amended Income-tax Bill, are some of the most important legislative measures that affect every man, woman and child in the territories situated in British India. The Government of Bombay have on record a brilliant achievement of their working. No less than about 18 Committees were appointed, some of which have already submitted their recommendations which in turn have been implemented in part or whole. Legislation affecting the well-being of labour and the agriculturist, evoked keenest discussion in and outside the Legislature.

A record of events, chronicled in the few lines stated above, shows that the year witnessed some of the grave and crucial problems that affected the destiny of the inhabitants of this earth. Those detached cynical observers of political movements in the world, who say that they are least concerned with politics, may find the truth enunciated by Prof. G. D. H. Cole that "you may not bother with politics, but politics bothers you," justified, if they only scratch the pages of history of the year that has just ended.

Sales Tax

In his speech last February, the Hon'ble Mr. A. B. Latthe, the Finance Minister of the Government of Bombay observed: "The Government stand firmly by their determination to do everything in their power to carry out the programme of economic, educational and social reconstruction. We have before us the huge work of replacing the revenues to be lost for introducing prohibition." As the time for presenting the next year's budget estimates is approaching, it is but natural that there are anxious queries and discussions about the intentions of Government in regard to finding new sources of revenue. The Sales Tax is again being mentioned as one of the sources likely to be tapped. The Hon'ble the Finance Minister himself in his last budget speech referred to this source of taxation and more or less discounted it on account of the difficulties involved. The difficulties partly were constitutional in that "the sales tax permissible to the Provinces could not be allowed to affect even the future possibilities of excise taxes leviable by the Central Government." With the judgment of the Federal Court on the C. P. Petrol Sales Tax issue, however, the constitutional doubts have been set at rest and it is held that Provincial Governments are within their competence in looking to this source for additional revenue. This has again led to speculation in the public mind of the possibilities of a sales tax in this Presidency. The commercial community would like to urge on Government that, with the removal of the legal difficulty, they should not take any hasty decision in favour of the levy of a sales tax. Apart from the difficulties inherent in the levy and collection of

such a tax, the question has also to be considered with reference to the commodities on the sales of which such a tax can possibly be levied and borne. Bombay's trade is mainly entrepot and a distributing one. The margin of profit on transactions in such a trade is very little. Any additional impost is likely to have effects which would tend to divert the trade to other centres. Then again, in regard to the sale of articles which are manufactured in the Province like textiles, competition is so keen and the new labour policy of Government is so much adding to the cost of production that even otherwise Bombay is hard put to withstand successfully upcountry competition. In short, the present time is quite inopportune for any form of fresh taxation, the burden of which is mainly going to fall on the trade and commerce of the Presidency. In saying this, the commercial community is not trying to shirk its responsibility in the matter of augmenting the resources available to Government for carrying out their programme of reconstruction and development. They are only indicating the need for circumspection and for avoiding, in the anxiety to meet budget exigencies, ill-thought-out schemes of taxation, which may have repercussions of a far-reaching character on the trade, commerce and industry of the Province.

Lancashire's Threat

A few days back there was a telegram from London conveying the news that Mr. Frank Platt in an article in the *Oldham Chronicle* had given a threat that if the Indo-British Trade Agreement did not come off as they wished, they would stop the purchase of Indian cotton. This threat is as childish as it is meaningless. Lancashire cannot expect to rule the roost in this country, as she has been doing for the past century; and with India's roused consciousness, both political and economic, it is no wonder that she wants to be a self-contained unit so as to meet her own requirements in every field of life. The late Mr. Ramsay MacDonald once told a Lancashire delegation that with regard to a country like India they might impose all sorts of restrictions and take away the customs barriers against Lancashire, but it would require a soldier in every

home to compel people to purchase foreign articles if they did not want to do so. What is more is that the Indian industry is not doing well and the plea of Lancashire that India is doing very well at her expense is entirely dishonest and wrong. In fact, in the third quarter of the year 1938, India's exports of cotton piecegoods to foreign countries were 41 million yards, as against 65 million yards for the corresponding quarter of 1937. If Lancashire wants a fight, neither Indian manufacturers nor Indian cotton growers, will fight shy of it; for, as Mr. Thakersey said in his interview on this question, the Government of India and the Provincial Governments would not hesitate to stand behind the Indian cotton grower. Lancashire, it seems, has forgotten the boycott movement of 1930, which practically eliminated British imports altogether from this country for one or two years; and it was the first step which led to the colossal reduction of British imports of cotton goods into this country. No foreigners can carry on trade in a country without mutual goodwill and Lancashire will not be able to get anything with her threats, bullying and bluffs.

In this connection, I may say that this is not the first time that Lancashire has attempted to threaten this country. Only two years back, Mr. A. D. Campbell, President, Indian Section of the Manchester Chamber of Commerce, made remarks to the effect that " important as the question of Japanese competition had been, it was abundantly clear that the decline of Lancashire's Indian trade was due to excessive protection of the domestic industry rather than Japanese competition." Such recurring threats from Lancashire are extremely mischievous; but I am quite sure that no one in India is frightened by them.

Bombay and Central Executive

The Hon'ble Mr. Govindlal Shivlal, the then President of the Chamber, in his speech on 24th January last year, strongly criticised the Government attitude towards this Presidency in the matter of choosing members for the Executive Council of the Governor-General of India. He showed how with the exception of Sir Dinshaw Mulla, who acted

as Law Member for some time with great distinction, no member has been appointed from this Province. Last year there were occasions on which the Hon'ble the Commerce Member went out of the country, and yet no Bombay-man was appointed to act in his absence. Now that there is going to be a permanent vacancy on account of the impending retirement of the Hon'ble Sir N. N. Sircar, one should have thought that a Bombay-man would be appointed, and looking specially to the fact that a Bombay-man, with all due respect to the other Provinces, would have been the fittest for looking after the Commerce portfolio. Unfortunately, that has not been done, and Bombay is again neglected. It is quite clear that Bombay is not a *persona grata* with the powers-that-be at Delhi and Simla, and this studied neglect of and indifference towards Bombay is condemned strongly by people in this Presidency.

With these words, Gentlemen, I second the proposal of the President for the adoption of the report.

Before concluding, I should also like to thank the Honourable the Prime Minister for his kindly attending this meeting and giving us the benefit of his presence. I hope that the precedent, which he has thus set up, will be followed every year and that we shall have the pleasure of welcoming the Honourable Mr. Kher in our midst for a long time to come.

Mr. Chunilal B. Mehta (in-coming Vice-President) thanked the President for congratulating him on his unanimous election as Vice-President of the Chamber. He also thanked the members of the Chamber for unanimously electing him as Vice-President and hoped that he would do his best to justify the confidence reposed in him.

The Hon'ble Mr. B. G. Kher, Prime Minister to the Government of Bombay, thanking the members of the Chamber, spoke as follows :—

Mr. President and Gentlemen,

I thank you for the very cordial welcome you have extended to me. I entirely agree with you that one of the most important functions of a Chamber of Commerce should be to act as a connecting link between the business community and the Government. This should be obvious to any one, who cares to see the long record of your most useful service which has extended over a period of more than thirty years. Let me, therefore, say how greatly I cherish this opportunity of meeting you this afternoon.

One remark of your, Mr. President, deserves deep consideration and I should like to dilate upon it a little. You have said that this Chamber was several times obliged to criticise the present Government whenever there was a discrepancy between their action and the ideology, economic doctrines and the theories of life which are peculiar to the commercial and industrial community. I must confess that I am not well conversant with that ideology, and those doctrines and theories and will not, therefore, attempt to discuss them. But perhaps it would be just as well that I acquaint you with the ideology of the present Government. I have said on many occasions and with your permission, I would like to repeat it on this, that the present Government is pledged and irretrievably pledged, to the improvement of the lot of the poor in this country. We want to ensure for every man in this country sufficient food and clothing, a decent education and some form of healthy work which will make of him a useful citizen and a happy man. All our efforts are directed towards this end and whether or not we offend against other theories or doctrines, we will continue to work in this direction. It is not enough for us that only the total wealth of the country should increase, we hope and trust it will; it is also necessary that the poorest in the land should have a larger share of it than they do at present. No theory or doctrine can in our opinion be sound which keeps a large proportion of the population in want, discontented and unhappy. If, as you said, this Chamber is to be a useful connecting link between

Government and the business community, I am sure it will make some sort of an approach to this ideal.

It is indeed very refreshing to know that you believe in the development of cottage industries as excellent complements to the larger ones. The Congress does not believe in the over-industrialisation of India on the lines on which it is carried on in the Western Countries. We are painfully conscious of the dehumanising effects of the machine and our great problem is so to harmonise the use of machinery with the elements of rural economy as to secure the maximum of efficiency and the minimum of misery.

I thank you, Mr. President, for your valuable suggestion to Government to proceed slowly and cautiously with labour legislation. There is no problem which has engaged so much of our attention and to which we have devoted so much of our energies as the problem of the improvement of the labourers' status and position. We are doing our very best to improve conditions of labour and I feel certain that the measures which Government have adopted in that behalf will go a great way to ensure better conditions of work and wages to the labourer. I feel confident that with the co-operation of this Chamber and with a little patience on the part of labour, Government will be enabled to banish labour unrest for ever from this Province. The Trade Disputes Act is calculated to save the worker from frequent unnecessary strikes and the employer from wastage of time and money. I am glad to find that you welcome this measure. The Textile Labour Inquiry Committee's Report is awaited by Government and I, therefore, need not say more about it.

You, Mr. President, have referred in your speech to the problems of Railway Freights and Finance, the devaluation of the Rupee and the development of an Indian Mercantile Marine. Unfortunately, a Provincial Government can do little to help you in the solution of these important problems. These problems must be solved by the Central Government, but judging from the very emphatic but rather disappointing reply received by your deputation which waited upon His Excellency the Viceroy, it seems that the Central Government does not see eye to eye with you and does not hold out

much hope for the fulfilment of your aspirations. The Congress, as you know, is determined to work for a satisfactory settlement of all these problems and the only advice I can give you is to ask you to lend your whole-hearted support to the Congress. You are no doubt aware that our Government had made a representation to the Government of India on the ratio question. As to the cause of Indian Shipping, the Scindia Steam Navigation Company is struggling very valiantly and I hope the Government of India will do their best to help the growth of an Indian Mercantile Marine as also their new enterprise of laying out a ship-building yard.

I have followed your remarks about Tenancy Legislation with great interest. The question of providing credit facilities to peasants is one of great difficulty and the Minister for Rural Development is doing his best to think out the best solution of which it is capable.

In the cause of Indian Insurance, Government are doing all they can to help the Indian Insurance Companies. Orders of Government in this regard have already been carried into effect and I hope with the patronage of Government, Indian Insurance Companies will reach their fullest development in no distant future.

I am afraid that some of the business people may not like the taxation programme of our Government. Unfortunately no one likes to be taxed. We have not yet done much in this line, but you will not expect me to assure you that we shall not do so in future. It was and is a mistake to suppose that the advent of a national Government will mean freedom from all burden of taxation, rather it should be otherwise. The National Government has come in with several pledges—pledges not for any communal party or selfish interests, but pledges for social reconstruction. Thus, we are committed to have prohibition all through the Province. We have made a modest beginning, but we cannot rest satisfied with that, and in the interests of social party and a more vigorous economic life, we are pledged to introduce prohibition throughout the Province. We are also

committed to give a much broader and wider education both to children and adults. We want to see disease wiped out and eliminated from our midst and I cannot give a better example of the work done in this connection than the freedom enjoyed by Pandharpur this year from its annual scourge of epidemics. We have a vision of a cleaner, purer, stronger and a happier India, and in order to attain this vision in a practical form and in reality, we shall have to call upon those who have the strength to render it, for assistance and co-operation in the shape of a ready response to our taxation proposals. Here also I will say what I have said before that if the taxation really leads to the results I have pointed out, the commercial world need not be afraid. I agree that if taxation is imposed only to be frittered away in empty shows and unproductive expense, it will not benefit the country and it might affect trade and industries adversely; but if it is otherwise, you can readily consider these as amounts spent also for the improvement of your business and industries.

And now let me again thank you for the warm reception you have given me today. I do hope that this meeting of ours is a prelude to many more in which I may be able to meet you in the capacity of advisers, friends and helpers of a National Government. I know that in common parlance, "business" is supposed to be built up and based on the idea of "personal profit" but I believe it is time we ceased to think solely in terms of "monetary values." There is another and a nobler value which we may call real value if we all try to work for the happiness of the whole community instead of the prosperity of a few, I can assure you that the whole country will soon be richer and happier. The signs of such a new spirit are not wanting. One of your ex-Presidents recently donated a large sum for the provision of school buildings in the villages. Government have appealed for public support and co-operation for a number of their educational and social welfare schemes and I hope that members of this Chamber will readily respond to that appeal in the cause of the country. I am fully aware of your patriotic and nationalist views and of the great services rendered to the cause of the Province by your Chamber and I am sure you

will co-operate with this Government in the difficult task which it has set itself.

I thank you once again and wish you all prosperity.

Mr. Chunilal B. Mehta, moving a vote of thanks to the Hon'ble Mr. B. G. Kher, paid glowing tributes to the Prime Minister who, he said, had, amidst multifarious activities, spared time for the function and addressed the members of the Chamber. The vote of thanks was carried with acclamation.

The Hon'ble the Prime Minister then left the meeting.

In the general discussion that ensued, the following members participated :—

Mr. Sarabhai Prataprai,
„ Hooseinbhoy A. Lalljee, M.L.A.,
„ S. K. Dehlavi,
„ J. P. Mehta,
„ Pranlal Devkaran Nanjee, and
„ Morarji Hemraj.

The proposal for the adoption of the Annual Report and the Audited Statement of Accounts for the year 1938, on being put to vote, was carried unanimously. The result of the election of office-bearers of the Chamber was then recorded and Messrs Devidas Vithaldas & Co., were appointed as Auditors of the Chamber. In the end Mr. Sarabhai Prataprai proposed a hearty vote of thanks to the chair. The same was seconded by Mr. D. C. Modi, and on being put to vote, was carried with acclamation.

The meeting then terminated.

REPORT OF THE COMMITTEE

OF

THE INDIAN MERCHANTS' CHAMBER

For the year 1938 presented at the 31st Annual General Meeting of the Chamber held on 25th January 1939.

Your Committee have pleasure in presenting the 31st Annual Report of your Chamber. During the course of the year 47 meetings of the Committee, and over 140 meetings of the various Sub-Committees, were held, the work done being of a varied and important nature.

The subjects dealt with by your Committee have been grouped under the following main heads :—

(1) Transport and Communications, (2) Finance, Tariff and Taxation, (3) Trade, Industrial and Labour Legislation, (4) General Trade and Industry, and (5) General.

I.—TRANSPORT AND COMMUNICATIONS.

Bill to Control the Coastal Traffic of India (Prevention of Rate Wars).

A reference was made in the report of the Committee last year to the Bill introduced by Mr. P. N. Sapru in the Council of State with a view to preventing rate wars in the Coastal traffic. A similar Bill was introduced in the Indian Legislative Assembly by Sir A. H. Gaznavi. The Government of Bombay by a letter dated 14th May 1937 invited the views of the Committee on the said Bill as it had emerged from the Select Committee.

The Committee in their reply dated 1st June 1938, pointed out that as long as the right to discriminate in favour of national interests against non-national shipping was not recognised, there was no hope of building up an Indian Mercantile Marine, and added that they could not endorse the viewpoint that there should be no discrimination between British and Indian shipping. Referring to the provisions of the Bill, the Committee approved of the principle of registration. They were, however, opposed to the imposition of stringent conditions in the form of a large capital or of a deposit, preliminary to registration. They felt that registration by itself would not be of much avail, and suggested steps to restrict the total tonnage plying on the coasts, reserving 50 per cent of such tonnage for shipping owned, controlled and managed by the nationals of the country, with the ultimate object of the full 100 per cent being licensed to Indian shipping interests within a period of 10 years. The Committee approved of the provision in Clause 5 of the Bill fixing the minimum rates of fares and freight for the carriage of passengers and goods as an experimental measure on condition that the Bill provided for the formation of a Shipping Board on which all interests would be represented charged with the function of fixing such minimum rates whenever necessary. The Committee, however, were not very hopeful of the Bill achieving in any manner the main object underlying the same, viz., development of an Indian Mercantile Marine.

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Bill to Control the Coastal Traffic of India and the Views of the Bombay Port Trust.

It was represented to the Committee that with regard to the reference from the Government of India through the Government of Bombay, inviting views of the Bombay Port Trust on the Coastal Traffic Bill, the Chairman of the Bombay Port Trust proposed to submit his individual views on the Bill without consulting the Trustees. The Committee thereupon sent a telegram dated 25th May to the Government of India requesting that clear instructions be issued to the Chairman of the Port Trust that the Bill in question should be placed before the Trustees for their opinion. The Committee also addressed the Government of Bombay in the matter forwarding a copy of the telegram to the Government of India. The Government of Bombay subsequently informed the Committee on 30th May that the Chairman of the Bombay Port Trust had been requested to forward the views of the Trustees on the Bill.

Rate-War in the Haj (Pilgrim) Traffic.

The Committee addressed the Government of India on 16th September 1938, stating that they were much concerned at the rate-war which was waged in the pilgrim trade last year and at the prospect of its repetition this year. They observed that the pilgrims were not in the past satisfied with the convenience and comforts made available to them on the ships in which they travelled and there was great scope for improvement in the treatment meted out to them by the only line which had practically the monopoly of the trade for the last several years. The Haj Committees at different Ports had also expressed their dissatisfaction on behalf of the pilgrims. The Government had, in referring to the entry of the Scindia Company in this trade, declared that a little competition in this trade would be welcome. The Committee stated that the Scindia Company were trying to meet the long felt want of an Indian concern in that trade, and were prepared to supply reasonable conveniences and comforts required by the pilgrims. These efforts of the Company for providing better amenities to the pilgrims were appreciated by the Haj

Committees at different Ports. The Committee reminded Government of the fate of the conference of shipping interests they had convened with a view to put an end to the rate-war, owing to the refusal of the Mogul Line to co-operate with Government in this matter, and urged the need for effective steps to put a stop to the rate-war in the interests of pilgrims.

Subsequently through the good offices of the Honourable the Commerce Member, a rate agreement fixing a minimum rate was reached. This agreement after a short duration, was determined by the Mogul Line, with the result that the rate-war again came into play. The Committee therefore sent a telegram to the Government of India on 6th December 1938, drawing their attention to the problem presented in the pilgrim traffic and requesting their immediate intercession in the matter with a view to securing stable rate conditions in that traffic.

Fee for Weighment of Cargoes to Suez Ports.

The Committee had addressed the Bombay Chamber of Commerce regarding high fees for weighment of groundnut seeds and other cargoes to Port Said. The Bombay Chamber of Commerce in their reply dated 13th October stated that the fee charged on such weighment should bear some relationship to the work done and should not necessarily be according to the value of the cargo. They stated that only recently consignments sufficient in quantity were offered for weighment which could be taken as a fair basis for an equitable charge. Regarding lower fee for cotton bales, they stated that cotton consignments were fairly large and uniform and necessary labour with regard to these lots was supplied by shippers. They however stated that the question of granting refund of a portion of the fees on large consignments presented at one time for weighment was under consideration. They added that in the case of cargoes on wheat flour a refund of 50 per cent of the fee was allowed on lots consisting of 200 bags or over at one time and added that if the increase in the exports of seeds to Palestine justified any reduction in the weighment fee, the necessary relief would be given.

Cylindrical Packages for Shipping Freight.

A deduction of one-fifth of freight is allowed on cubical measurements in respect of cylindrical packages consigned for European Ports. It was pointed out to the Committee that this concession was however not allowed in regard to shipments to Indian and African Ports. The Committee therefore addressed a letter on 18th October 1938 to the Agents of the British India Steam Navigation Company pointing out the injustice involved by the difference in the matter of cubical measurements. A reply was received from the Company on behalf of all shipping lines representing the Coastal Conference in which it was pointed out that it was customary to charge a higher rate of freight for cylindrical packages owing to the loss of space entailed on account of broken stowage, but that when fixing rates to Indian and African Ports, cylindrical packages were placed on the ordinary rates instead of charging a higher rate and allowing a deduction of one-fifth for cubical measurements.

Carriage of Safety Matches Packed in Ocean Paper as Under-Deck Cargo.

The Committee had addressed the Government of India enquiring as to whether they had any objection to allowing transport by steamers of safety matches packed in ocean paper as under-deck cargo. Government in reply stated that the suggestion was unacceptable to them. The Committee in a further communication desired to know the reasons why such transport was not allowed when the railways had lately agreed to the same, and enquired whether similar packing conditions were prescribed in case of other inflammable articles on ships. Government in their reply stated that the said method of packing was still under trial on the railways where it did not prove successful on the whole and added that a method of packing suitable for railways might not be suitable for ships as the conditions of handling differed in the two cases. They also stated that such packing was not allowed in case of other inflammable articles carried on ships.

Madras Minor Ports Fund Bill.

It was represented to the Committee that the Government of Madras were contemplating to introduce a Bill in the Legislature of the Province to provide for the disposal of the balance to the credit of the Minor Ports Fund in the Province of Madras which amounted to nearly Rs. 60 lakhs. It was further represented that the Madras Government proposed that only Rs. 5 lakhs should be maintained to the credit of the Fund and the balance should be credited to the general revenues of the Province and utilised for other purposes that the Government might think fit. Thereupon the Committee addressed the Government of Madras on 17th October stating that the Minor Ports which were under the charge of Provincial Governments did not offer sufficient amenities to shipping companies and the mercantile community. The Committee therefore protested against this diversion of a big amount from the Fund to the public revenue which amount, they stated, was meant to be spent for the improvement and for purposes of Minor Ports. The Committee suggested that if the amount was not required for the improvement of the Minor Ports, it should be utilised for the reduction of dues on shipping. The Committee urged the Madras Government to withdraw the Bill in the interests of shipping and commercial community.

Port Trust Wharfage Charges.

With effect from 1st January 1938 the revised rate of wharfage charges on which the views of the Committee were invited during the previous year were introduced by the Bombay Port Trust. The main feature of the change introduced in the revised schedule was a discontinuance of the package basis of charge and the substitution of the weight basis. Complaints were received from members interested in handling boots and shoes, glucose and Indian condiments to the effect that the revised rates worked harshly against the said commodities. The Committee referred these complaints to their representatives on the Bombay Port Trust with a request that they should look into the matter and see if anything was possible to be done.

Free Landing Days Allowed by the Port Trust.

Under rules framed by the Bombay Port Trust, goods landed from boats or loaded from wharves into boats are allowed storage in docks free of rent for five days, except in the case of certain specified goods. In this connection it was represented to the Committee that the five days at present allowed were insufficient, the reason being that after the arrival of goods and before their clearance various formalities had to be observed requiring more time. The Committee addressed the Bombay Port Trust on 27th January 1938 to the effect that the free days allowed for storage of goods landed from boats and loaded from wharves into boats should be increased from 5 to 7, in view of the fact that the conditions under which the free days were reduced from 7 to 5 did not continue. The Port Trust replied on 26th April 1938 stating that the free days were reduced 24 years ago expressly to prevent congestion of goods in the docks. They stated that owing to increase in size and draft of modern vessels, some of the docks were unable to berth them, and hence there was congestion in Alexandra Docks. Therefore, any addition to the free days or declaration of a General Landing Date after all the cargo of a vessel had been landed would add to the difficulty. Besides the Trustees had granted a special concession under Section III-A (*f*) of the Docks Scale of Rates which exempted from extra fees goods detained by the Customs Department for special examination involving analytical or technical tests other than the ordinary processes of appraisement. They added that they had requested the Government of India to sanction that the day fixed as the General Landing Date for a vessel's cargo should not in future be counted as one of the free days.

Delay in Examination of Goods at the Customs Sheds.

It was represented to the Committee that delays occurred in the examination of goods by the Customs Department, and that owing to only 5 days being given free in docks the merchants had to pay higher wharfage charges as a result of the said delays.

The Committee thereupon addressed the Collector of Customs on 11th March 1938 requesting him to look into the difficulties complained of. They suggested that some latitude should be given with regard to the free days of the Port Trust. The Collector of Customs in his reply dated 6th May stated that detention certificates were granted by his department in respect of goods which were detained for purposes of analytical or technical tests. They were also granted in other cases in which goods were unavoidably detained on account of non-completion of Customs formalities.

Inclement Weather in the City and the Difficulties re: Clearing Goods from the Bombay Port Trust Docks.

On a representation received from the Bombay Custom House Clearing Agents' Association, the Committee requested on 12th October 1938, the Manager, Bombay Port Trust Docks, to declare 6th October as a free day for the purposes of docks wharfage charges, having regard to the fact that inclement and cyclonic weather conditions prevailed in the City on 5th and 6th October. The Manager, Bombay Port Trust Docks, in his reply dated 13th October stated that a comparison of the delivery figures for 5th and 6th October did not warrant such a concession.

Storage of Coal on Bombay Port Trust Grounds.

It was represented to the Committee in connection with the two sites—Darukhana Bunder and Haji Bunder—allotted for the storage of coal on Bombay Port Trust grounds, that Haji Bunder would be closed to all traffic in coal from the end of November 1937 and that instead, a site would be reserved at Manganese Depot for storing only bunker coal to the exclusion of other coal to be supplied in the City. The Committee thereupon addressed the Bombay Port Trust enquiring why Haji Bunder had been closed to traffic and further why Manganese Depot was solely to be used for the storage of bunker coal. The Port Trust in their reply stated that the change was made to meet the increased demand for bunker coal arriving by rail from Calcutta, as also to remove nuisance of coal dust from Haji Bunder. The Committee in their reply dated 10th February 1938 stated that the restrictions

imposed upon the coal trade based on reasons given in the Port Trust reply were not justified, and were calculated to inflict hardship on coal merchants. The Committee emphasised that if Haji Bunder was closed down, there was no reason why the Manganese Depot should have been reserved for storing bunker coal only, necessitating the merchants to keep two staffs one at Darukhana and the other at Manganese Depot, which was a distinct hardship to coal trade. It was stressed that the Port Trust should provide a central depot from where coal for bunkers as well as for other purposes might be distributed. The Committee observed that if the new site could not afford sufficient area for a central depot then the same might be rented to the parties in proportion and restriction might be placed for unloading coal from steamers.

The Bombay Port Trust in their reply dated 23rd March stated that the accommodation provided at Tank Bunder in place of Haji Bunder for the storage of coal was let out on similar conditions as prevailed at Haji Bunder. They added that Frere Bunder was open to the merchants for both bunkering and town deliveries and was provided with both rail and wharf facilities. The Committee in their reply dated 30th June reiterated their objection that Tank Bunder did not provide sufficient facilities to the merchants. The merchants required accommodation to get their coal both by ships and rail so that they might be in a position to despatch their coal both for bunkering and for the use of the factories and mills in the city.

The matter is under correspondence between the Port Trust and the Committee.

Appointment of an Indian as Chairman of the Bombay Port Trust.

The Committee sent a telegram to the Government of India urging the appointment of an Indian as Chairman of the Bombay Port Trust in the vacancy caused by the transfer of Sir Gilbert Wiles to the Bombay Government Service.

Mr. H. K. Kripalani was appointed to succeed Sir Gilbert Wiles.

Publication of Proceedings of the Bombay Port Trust.

On a reference made by one of the Chamber's representatives on the Bombay Port Trust regarding the views of the Committee in respect of the publication of proceedings of the Port Trust the Committee addressed the Chamber's representatives on the Board of the Trust on 30th September 1938 stating that the best method of giving publicity to the proceedings would be by sending the minutes of the Port Trust Board to recognised public bodies and to the Press. The Committee requested the representatives to support their view when the question came before them at a Port Trust meeting.

Expansion of the Bombay Port Trust Magazine.

In response to a letter dated 3rd February 1938 from the Bombay Port Trust in connection with an appeal to other organisations to co-operate in expanding the scope of their present quarterly magazine called "The Port of Bombay," the Committee replied stating that the idea of expanding the magazine was good. The Committee, however, observed that other bodies like the railways, municipality, steamship companies, Chambers of Commerce, etc., might be interested in running a separate journal to represent the interests of Bombay city, its trade and commerce from their points of view to the public and tourists and visitors. The Committee therefore suggested a joint consultation between all these bodies for the purpose. The Committee added that they would not be able to render any financial assistance in the matter.

Payment of Freight and other Charges on the Bombay Port Trust Railway.

By a letter dated 7th October 1938, the Port Trust authorities notified certain revised rules for payment of freight under which :—

(1) cheques from firms and individuals on the approved list were to be accepted ;

(2) the drawer of a cheque which was not realised on presentation would be removed from the approved list ;

(3) that cheques would only be accepted from consignees on the approved list and not from carting and clearing agents ; and

(4) that during Easter, Diwali and Christmas holidays payments were to be accepted only in cash or in guaranteed cheques.

The Committee, while noting these changes in procedure, made a suggestion to the Port Trust that in cases of cheques which were dishonoured for reasons other than that of insufficiency of funds to the credit of the drawer, the rule in regard to the removal from the approved list should not apply.

Hours of Work on the Bombay Port Trust Railway

It was represented to the Committee by the B. P. T. Railwaymen's Union by their letter dated 28th January 1938 that while the railway stations in the docks were closed according to the Dock Rules and caused no inconvenience to the trade, the same consideration was not allowed to the other stations on the B. P. T. Railway, with regard to holidays and the time of working. The Committee in their reply dated 11th May stated that they were not in favour of the proposal for changing the working hours from 8 a.m. to 5 p.m. to 9 a.m. to 5 p.m. as the proposed change would cause inconvenience to trade. The Committee stated that they were agreeable to a reduction in the hours of work on Bank holidays but suggested the period between 8 a.m. to 12-30 p.m. for the purpose in place of 9 a.m. to 12-30 p.m. They added that they were in favour of Sundays being observed as complete holidays.

Interview with the Chief Commissioner and Financial Commissioner for Railways.

The Committee had an interview with Mr. L. Wilson, Chief Commissioner of Railways and Mr. B. M. Staig, Financial Commissioner for Railways on 22nd July 1938, when the following points were discussed :—

1. Recommendations of the Wedgwood Committee and action thereon.
2. Indianisation of Railway Services.

3. Ordinary return tickets over the G. I. P. and B. B. and C. I. Railways.
4. Refrigerated Transport Facilities.
5. Concession rates over the B. B. & C. I. Railway for transport of cattle.
6. Railway rates for Insurance of treasure.
7. Railway freight on Cotton.

Commercial Panel of the Railway Rates Advisory Committee.

In reply to a letter dated 6th July 1938 from the Railway Board the Committee submitted on 21st July 1938 the names of the following members to constitute a panel for the selection of a commercial member on the Railway Rates Advisory Committee :—

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.
2. Mr. Manu Subedar, M.L.A.
3. Sheth Mathuradas Vissonji.
4. The Hon'ble Sir Rahimtoola M. Chinoy, Kt.
5. The Hon'ble Sir Phiroze C. Sethna, Kt., O.B.E.

G.I.P. Railway Local Advisory Committee.

Mr. Gordhandas G. Morarji, President, was re-elected to represent the Chamber on the Local Advisory Committee of the G. I. P. Railway for a fresh term of two years from June 1938.

The B.B. & C.I. Railway Local Advisory Committee.

Mr. Dhirajlal C. Modi was elected as the Chamber's representative on the B.B. & C.I. Railway Local Advisory Committee during the absence on leave of Mr. R. P. Masani, from July 1938 till the end of the year.

The Indian Railways Act (Amendment) Bill

The Government of Bombay by their letter dated 25th March 1938 forwarded for the opinion of the Chamber a copy of the Indian Railways (Amendment) Bill (insertion of a new

section 42-B) as introduced in the Central Legislature. The said Bill was intended to give statutory recognition to the power of the Central Government to fix maximum and minimum rates and fares for Railways in India.

The Committe in their reply dated 20th April 1938 stated that fixing a maxima and minima rates by the Railway Board had been in vogue since the last forty years and that consequently there might be no objection to recognising what was a convention to be placed on the Statute Book. The real question was, however, why the convention which had been allowed to go on for all these years should now be attempted to be placed on the Statute Book. There was a strong public opposition to the proposed inauguration of the Federal Railway Authority and the Committee were not prepared to approve of this inauguration of the Federal Railway Authority by compartments, as it were.

Shortage of Wagons for the Transport of Coal.

The attention of the Committee was drawn to the difficulties experienced by the coal merchants as a result of the shortage in the supply of wagons for the transport of coal. The Committee had also received in this connection copies of two notifications issued by the Coal Wagon Supply Committee to the effect that the matter was receiving their attention. The Committee thereupon addressed the Coal Wagon Supply Committee requesting them to make adequate arrangements for the timely supply of wagons to meet the requirements of the coal merchants and coal consumers, as otherwise it was feared that serious inconvenience might be caused to the industries owing to non-supply of coal in time. The Coal Wagon Supply Committee in their reply dated 9th February 1938 informed the Committee that they had further restricted supplies to public utility concerns for a period of two weeks from 1st February 1938 to facilitate supply of wagons for loading coal for other consumers, and that though it was not possible for them to meet the full requirements of the merchants every endeavour would be made to make available to them as many wagons as possible.

Provision of Refrigerated Vans for Perishable Goods.

The Committee had drawn the attention of the B.B. & C.I. Railway to the necessity for the provision of refrigerated vans for transport of perishable goods. The railway in their reply dated 27th June 1938 stated that the matter was receiving attention from the Railway Administration as well as from the Railway Board who were willing to provide insulated vans of an approved design for the exclusive use of cold storage concerns on certain conditions. They added that as far back as in 1918 two insulated vans were built for transport of milk and cream from Nadiad to Bombay, but the demand for the same ceased after the end of war conditions.

Railway Siding at the Alembic Chemical Works at Baroda.

The Alembic Chemical Works Co., Ltd., Baroda represented to the Committee that the B. B. and C. I. Railway had proposed altered terms of agreements for the continuance of their siding facility at Baroda, under which the charges would be much higher than those paid by the Company in the past. The Committee thereupon addressed the B. B. and C. I. Railway on 29th September 1938 and enquired as to whether they similarly proposed to revise the terms of agreement of all the other parties who had been granted siding facilities and if such a general revision was under contemplation, whether terms for all parties were uniform and whether any standard rules were laid down governing the question of siding facilities and charges therefor. The Committee observed that under existing arrangements, the maintenance of the permanent way materials, etc., of the siding was to be carried out by the Railway at its cost and the maintenance of the permanent way materials, etc., of the extension was to be carried out by the Company or by the Railway at the cost of the Company. Under the revised terms the Company would have to pay as interest and maintenance charges a sum calculated at 10½% on the Railway's share of the cost of siding within railway limits, and also the cost of materials used for maintenance of the permanent way of the extension together with an annual payment of a sum calculated at 3½% on the total cost incurred in providing permanent way materials from the commencement

up-to-date as labour charges for maintenance. The Committee pointed out that while under the old arrangement, the charges payable by the Company never exceeded Rs. 100|- under the revised terms, they would have to pay more than Rs. 1,700|- for the first year and increasing amounts for subsequent years. The Committee urged that the rate of interest proposed, namely, 10½% was unconscionably high, and that the increases were inopportune at a time when the Pharmaceutical industry was asking for certain concessions in respect of railway charges. The Committee maintained that such siding facilities minimised certain responsibilities of the railway which the Railway staff would have to bear if such traffic were to be managed at the main stations concerned and urged that the Railway should continue the existing arrangements for the purpose, as it was as much in the interest of the Railway Company as in that of the applicants to encourage the system of Railway siding wherever traffic considerations justified the same.

Speeding up the Transit Time of Goods Traffic.

The B. B. and C. I. Railway informed the Committee on 29th July 1938 that they reorganised their system of dealing with goods consignments in less than wagon loads and had speeded up the transit time of goods traffic. They explained that the old system of loading small consignments in Transhipment Road Vans which were placed on transhipment platform line at Transhipment Stations such as Bulsar, Baroda, Ajmer, etc., was done away with. Under the new system packages were loaded in sectional vans instead of Transhipment vans and arrangements were made to deliver them at their destination in single journey. They stated that under the new arrangement delays in transhipment were eliminated and small consignments travelling a short distance made a saving of 24 hours while in case of long distance traffic, the saving in time was proportionately higher.

Changes in Railway Classification—Proposals Before the Indian Railway Conference Association.

The Indian Railway Conference Association from time to time invited the views of the Committee on various suggestions under consideration regarding changes in freight

classification. The Committee after consulting trade interests concerned, made such suggestions in respect of such changes, as were received from such interests. The following were the more important commodities in respect of which such changes in classification were considered during the year.

Hardware—Enamelled ware—Glassware—marble powder —pine oil—manure—shaving brushes, etc.

Rates for Cotton to Cawnpore.

The Committee had sent a telegram to the Railway Board protesting against the discriminatory nature of the reduction of cotton freight charges in a specified area allowed by the N. W. and E. I. Railways which would only benefit certain vested interests to the detriment of small traders who would not be able to fulfil the conditions of rebate allowed. The Railway Board in their reply dated 10th May stated that whilst the existing arrangement continued to be in force, the railways concerned had extended the rebate arrangement on the freight charges for dispatches to other two centres.

With regard to the minimum weight of 75,000 maunds required to be despatched to enable a party to secure the said rebate, they stated that the arrangement was of an experimental nature and was adopted to regain to the rail traffic, which had been diverted to the road and also to assist the cotton trade. In the event of such an arrangement not showing the desired results, the same would be allowed to automatically lapse by the end of August next. The Committee in their reply dated 28th May stated that while the commercial interest had asked for a reduction of freight rates on cotton, their demand could not be met by such piecemeal doles issued by one or two railways and that too in a differential and highly discriminatory manner at only a few centres. With regard to the minimum weight condition the Committee stated that the same would tend to prevent small consignors from taking advantage of the concession of low rates. They pointed out that the fact that some other firms had taken advantage of this condition did not detract from the objectionable character of the concession.

Railway Freight on Cotton from Bombay to Ahmedabad.

It was represented to the Committee that the railway freight on cotton between Bombay and Ahmedabad which was Rs. 1-1-6 per maund in 1934 and which was subsequently reduced to Rs. 0-8-5 per maund, to meet competition arising out of the diversion of traffic via Bhavnagar, would be raised to the original level of Rs. 1-1-6. The Committee thereupon addressed the B. B. and C. I. Railway requesting to know whether the reduced rate was to be discontinued as from 1st February 1938, and if so, what were the reasons which prompted the Railway to do so. The B. B. and C. I. Railway in reply informed the Committee that the said rate would be charged at Rs. 0-14-0 per maund from 1st February 1938. In a subsequent Communication the Railway sent another revised list of rates showing the revised rate between Bombay and Ahmedabad again reduced to Rs. 0-8-6 per maund. The Committee in their reply urged that the Railway should take into confidence the interests concerned before deciding upon such important changes in the schedule of rates.

Railway Freight Rate on Dry Ice.

It was represented to the Committee that while there was a special railway tariff for wet ice on a graded scale, the tariff on the B. B. and C. I. Railway for dry ice was in comparison many times higher, and rendered transportation for the same very difficult.

The Committee thereupon addressed the B. B. and C. I. Railway on 24th April 1938 pointing out that the G. I. P. Railway allowed the carriage of dry ice at 1|3rd the parcel rate, and stressed the desirability of having a uniform rate for dry ice on both the railways. They also stated that the manufacture of dry ice was a new industry and its development was dependent on marketing the commodity at economic prices.

The B. B. and C. I. Railway in their reply dated 30th August 1938 stated that they were unable to reduce the rate on dry ice as the same was much more expensive than wet ice and comparatively a smaller weight of the former was required

to be used. They added that the G. I. P. Railway which charged a low rate for dry ice as an experimental measure had found the results not encouraging.

Railway Freight on Groundnuts from Tandur to Bombay.

The Committee were advised that recently the M. & S. M. Railway Company had reduced the rate on groundnuts from Tandur to Coconada from Rs. 0-13-8 to Rs. 0-11-1 while the rate from Tandur to Bombay remained at Rs. 0-14-8. It was pointed out that the distance between Tandur and the two ports was almost the same, and the higher rate to Bombay meant a direct inducement for sending the consignments of groundnuts for export to Coconada. The Committee therefore addressed a letter on 21st November 1938 to the Chief Traffic Manager, G. I. P. Railway, pointing out that the disparity in rates was likely to bring about a diversion of trade and that therefore both in the interest of preserving the groundnut traffic to the G. I. P. Railway and of preserving the export trade to the Port of Bombay and to the merchants of Bombay, an immediate corresponding reduction in the freight rate from Tandur to Bombay was called for.

Railway Freight on Cocoanut Oil.

It was represented to the Committee that as a result of disparity of freight rates on cocoanut oil between Bombay and Delhi, and Karachi and Delhi, the trade between Bombay and Delhi was suffering and that it was feared that if the Bombay-Delhi rate was not revised the Bombay trade would be diverted to Karachi. The Committee thereupon requested their representatives on the Local Advisory Committee of the B. B. and C. I. Railway to look into the matter and take necessary action. The Committee were informed on 11th May that the N. W. Railway had enhanced adequately the railway freight from Karachi to Meerut and thus removed the disparity in rates complained of.

Railway Freight on Soaps.

The Committee addressed on 12th August the Railway Board protesting against the increased freight classification on

Soaps from 2 R.R. to 2 A.R.R., i.e., from .42 pie per maund to .46 pie per maund per mile. They drew the attention of the Railway Board to their protest in connection with the increase of freight charges for over 200 commodities in 1936 among which Soap was one. They contended that Soap was an article of daily necessity, and owing to the establishment of many soap factories, the consumers and particularly the poorer classes were getting their requirement at cheaper rates. They regretted that this increase should have been decided in spite of the representations from soap manufacturing interests to lower the present classification. They pointed out that this increase in freight rates on soaps was another illustration of the attitude of Indian railways towards Indian industry. They maintained that this increase was an indirect price preference in favour of foreign soaps and urged the Railway Board to restore the original classification of 2 R.R.

The Railway Board in their reply dated 29th August stated that they were not in a position to reconsider the maximum rate chargeable under the revised classification of 2-A in the absence of detailed particulars of despatches of soap generally from manufacturing centres to all consuming markets. They pointed out that the increase complained of was only the prescription of a maximum rate chargeable under the classification of soaps and did not preclude any Railway from charging on a lower basis. The Railway Board suggested that the soap manufacturing firms should represent their case to the Railway Administration concerned for necessary revision.

Famine Conditions in Rajputana and Railway Concession for Transport of Fodder and Grass.

The Committee addressed the Railway Board on 5th November stating that they were informed about the prevalence of famine conditions in certain areas in the Jaipur State in Rajputana and that the Jaipur Durbar had declared Shekhawati as a famine area. They therefore urged the Board to take early steps for the grant of freight concessions over B. B. and C. I. Railway on carriage of commodities intended

for alleviating distress in the famine areas with a view to assist relief operations.

The Committee were in reply informed that under the rules governing the grant of such concessions, the necessary arrangements should be made by the Provincial Governments or local administrations with the Railway authorities concerned.

First Class Return Railway Tickets from Bombay to Delhi.

It was represented to the Committee that while the E. I. Railway were issuing First Class Tickets from Calcutta to Delhi and back at a concession rate of Rs. 112, similar concession was not given for travel from Bombay to Delhi and back, the rate being Rs. 184. The Committee thereupon addressed on 21st April 1938 the G. I. P. and the B. B. and C. I. Railways drawing their attention to the concession rate offered by the E. I. Railway, and urging them to introduce a similar concession rate between Bombay and Delhi for First Class as well as Second Class tickets.

The G. I. P. Railway in their reply dated 1st August informed the Committee that with effect from 1st September 1938, 1st and 2nd class return tickets would be issued between Bombay and Delhi for completion of return journey within 30 days of date of issue with no break of journey at the following fares :—

Class.	*Fare per Return Ticket.*
	Rs. a. p.
1st	139 7 0
2nd	69 11 0

The Committee replied on 12th August thanking the Railway for introducing the concession. They, however, stated that this concession without the facility of break of journey would not be largely availed of and requested the removal of this restriction.

On 8th November the Committee were informed in reply, that the suggestion for allowing break of journey would be considered when the results of the concessional experiment were analysed. As the Committee were not quite satisfied

with the reply they addressed a further communication to the Railway authorities on 17th November pointing out that the chances of success for the new scheme would be considerably improved if the inconvenience attached to the condition preventing break of journey was removed and that it would be in the interest both of the Railway and the travelling public that break of journey should be allowed under those tickets forthwith.

Restrictions on the Use of Mileage Coupon Tickets.

It was represented to the Committee that the mileage coupons issued by the B. B. and C. I. Railway, not being recognised by the Kathiawar State Railways, the holders of such coupons had to experience much difficulty in exchanging their coupons for railway tickets while travelling by State Railways. The Committee thereupon addressed the B. B. and C. I. Railway requesting them to persuade the Kathiawar State Railways to extend the facility of mileage coupon system to their railways. The Committee stated that if the State Railways were not agreeable to this suggestion, they should agree at least to giving tickets in exchange for coupons.

Charges for Air-Conditioned Coaches.

It was represented to the Committee that on the E. I. and the G. I. P. Railways a surcharge of one rupee per 50 miles over and above the ordinary first-class fare was levied for travel by air-conditioned coaches, while the cost to the Railways for running such service was much less. The Committee thereupon addressed the G. I. P. Railway on 26th March 1938 drawing their attention to the surcharge levied on air-conditioned travel service by them, and also pointing out that the B. B. and C. I. Railway was charging much less comparatively. The G. I. P. Railway in their letter dated 11th April 1938 replied stating that the B. B. and C. I. Railway had fitted air-conditioned equipment to their standard coaches while the G. I. P. Railway coaches were of special design with a corridor and vestibule attachment to the dining car with consequent advantage of meals being served in the air-conditioned coaches. They stated that the difference in the services accounted for differences in surcharges.

Inter-Class Accommodation over the B. B. and C. I. Railway.

It was represented to the Committee that the middle class passengers had to suffer considerable hardship and expense owing to the absence of inter-class accommodation over certain section of the B. B. and C. I. Railway. Thereupon the Committee requested their representative on the B. B. and C. I. Railway Local Advisory Committee to take up this matter and to urge the Advisory Committee to introduce the desired accommodation. The Committee was informed by their representative on the 17th November 1938 that the Railway had agreed to introduce inter-class accommodation over certain sections of their lines. They were further informed that the Railway was in communication with the Jodhpur Railway for similar facility over their section.

Difficulties Experienced at Umreth Railway Station.

It was represented to the Committee that owing to the absence of the provision of a proper shed on the Umreth Station on the B. B. and C. I. Railway, the merchants were subjected to much inconvenience, and that inspite of representations to the Railway to provide due protection from exposure the Railway had not attended to the complaint. The Committee requested their representative on the B. B. and C. I. Railway Local Advisory Committee to take up this matter with the Railway authorities.

Indian Motor Vehicles Bill.

The Government of Bombay by their letter dated 25th April 1938 forwarded to the Committee a draft copy of the Bill to consolidate and amend the law relating to Motor Vehicles in British India and invited the views of the Committee thereon.

The Committee by their letter dated 26th May to the Government of Bombay submitted their views on the proposed Bill, a brief summary of which is as under :—

The Committee stated that in recent years motor traffic had considerably increased and minimum conditions of efficiency prescribed in the Bill both for the vehicles used and

for the men in charge of the same were necessary to meet the present situation. They, however, advised that the financial effects or burdens consequent on the conditions prescribed in the Bill should not become oppressive and beyond the capacity of those engaged in the service.

Regarding the co-ordination of various forms of transport suggested in the Bill, the Committee stated that if such co-ordination was dictated by extraneous considerations designed only to meet the needs of a particular form of transport, viz., Railways, the object of the Bill would be defeated. They made it clear that while they were anxious that every effort to co-ordinate the two forms of transport in public interests should be made, they felt that the Bill in its present form was only seeking to regulate the motor transport system without any attempt to impose corresponding regulations on the competing transport system, viz., railway transport.

The Committee expressed themselves in favour of the introduction of the system of compulsory insurance of the motor vehicles. They urged in this connection that it should be laid down that the insurance business resulting from any such statutory obligation should be compulsorily placed with companies registered in India with rupee capital with a majority of shares held by Indians and with a majority of Indians on the Board of Management.

They drew the attention of Government to the provisions in the Bill which imposed certain obligations on the autonomous provincial governments. In this connection they stated that the Central Government should help the Provincial Governments to meet the expenditure incurred by them in the discharge of such obligations.

Business Reply Telegrams.

The Director-General of Posts and Telegraphs by his letter dated 21st October forwarded for the opinion of the Committee a scheme of business reply telegrams now in force in United Kingdom for introduction in India. The Committee in their reply dated 25th November suggested that the minimum rate for such reply telegrams should be fixed at annas

four and that the extra charge for additional words should be at the rate of half an anna per word, to make the system more attractive in its initial stages.

Refusal of Postal Authorities to Accept certain Trade Circulars as Book-Post.

On being represented that printed circulars and market reports in which the rates were filled in manuscript were not accepted at book-packet rates by the Post Office, the Committee addressed on 26th October to the Director-General of Posts and Telegraphs stating that the market rates being a varying factor, it would be impracticable from the very nature of things to get the same printed from day to day. The Committee explained that there could be hardly any time left to get the said rates printed or written by any mechanical process, after the closing of the market, to make the reports ready in time for the day's post. They stated that even if such reports did not fall within Clause 57 of the Posts and Telegraph Guide, they fulfilled in spirit the requirements intended in Sub-Clause (7) and suggested that the Clause should be amended so as specifically to include such printed circulars where only the rates were filled in writing.

Carriage of Mails from India to British East Africa.

It was represented to the Committee that under the present arrangement all posts were being carried by air mail and that there was no air mail from British East Africa till Sunday after the departure of the steamer on Wednesday. The result was that Sunday's mail would take the post later than the steamer and thus the documents for the goods despatched by mail would reach later than the steamer, thus causing great inconvenience to the parties concerned.

Thereupon the Committee by their letter of 25th May addressed the Director-General of Posts and Telegraphs drawing his attention to the above difficulty and requesting him to suggest a solution for the same.

The reply received from the department pointed out that occasions for such complaints would be minimised when the

additional airmail services, under contemplation, were introduced.

Imperial Airways Ltd., and the Composition of the Companies Operating the Indian Service.

The Committee addressed a communication to the Government of India on 6th June 1938 protesting against their action in giving further monopoly of operating the Indian service in connection with the Empire Airmail scheme to Imperial Airways, Ltd., which was a foreign concern.

The Committee pointed out that the Government in 1933 had gone counter to the wishes of the Standing Finance Committee of the Legislature and entered into an arrangement with the Imperial Airways, Ltd., allowing 51% interest in the capital to the Company for running the feeder lines in India. When representations were made to Government against their action in favouring a non-Indian concern, they gave assurance that when in 1939 the present arrangement with the Imperial Airways terminated, the Government of India would be at liberty to reconsider the whole question. The Committee stated that they had learnt with regret that long before the expiry of the old arrangement a new agreement had been entered into with the Imperial Airways Ltd. for a much longer period than before and that too without giving any opportunity to the public to offer their views in regard to the civil aviation policy of the Government of India.

The Committee stated that the said arrangement entered into was entirely unacceptable to the Indian commercial community and it was regretted that the control, direction and management of such an essential service should have been allowed to pass into the hands of non-nationals.

Bombay Telephone Company—Charge for the Hand-Microphones.

It may be recalled that in the year 1937, the Committee had carried on correspondence with the Bombay Telephone Company in the matter of reduction of charges for telephone service and the various other ancillary charges. Unfortunately they were not able to persuade the Company to agree to a

reduction. Recently a resolution was moved in the Bombay Municipal Corporation to the effect that the charges recovered by the Telephone Company on hand-microphones were excessive. It was suggested that the Committee should take the opportunity of writing once again to the Company asking them to reduce the charges for the hand-microphones. Accordingly on 12th November 1938 a letter was addressed to the Telephone Company requesting them to reconsider the matter of the extra charges levied on hand-microphones and also the high extra charges recovered for supplying longer hand-set cords with the instrument. The Committee pointed out that the scale of charges at present fixed were out of proportion to the cost incurred or services rendered and expressed the hope that in view of the feeling against such high charges shared by all the users of the service, the Board of the Company would reconsider the matter and announce an early reduction.

II.—FINANCE, TARIFF AND TAXATION.

Budget of the Government of India for the Year 1938-39.

On 1st March 1938 the Committee addressed a communication to the Government of India, Finance Department, containing their views on the budget of the Government of India for the year 1938-39 introduced in the Legislative Assembly on the 26th February 1938. The budget had estimated the revenue for the year at 8,592 lakhs and the expenditure 8,583 lakhs leaving thus a nominal surplus of 9 lakhs.

The Committee expressed their disappointment at the omission in the budget of any proposal for relief in taxation. They pointed out that by the additional taxation imposed from time to time in recent years, the taxable capacity of the people had been exceeded and that Government should not consider the present level of taxation as a standardised one. They took the opportunity of reiterating their objection to the basis of contributions to the provinces under the Neimeyer Award and suggested that in the interests of successful working of provincial autonomy a readjustment of the said basis should be taken in hand. They pointed out that the contribution proposed to be given by His Majesty's Government towards the mechanisation of the Indian Army was meagre and that in fairness at least the total cost to the Indian Exchequer on such mechanisation should be borne by that Government as the Indian army played no unimportant part in the matter of Empire defence.

They also urged the need for devoting greater attention to the mechanisation of the Indian units of the army. They considered the proposed arrangement regarding naval defence, whereby the annual contribution of £100,000 paid by India to Great Britain for this purpose was to be stopped and instead India was to undertake to maintain a sea-going fleet of not less than six modern vessels, as unsatisfactory. They suggested that steps should be taken in the scheme of expanding India's navy to provide for effective control of the navy by the Indian legislature and for a speedy and complete Indianisation of the personnel of such a fleet. They regretted the big financial

drain consequent upon the Government's frontier operations and suggested that Government should once for all formulate a policy in consultation with the North-West Frontier Provincial Government for preventing restlessness on the border.

They expressed concern at the gradual increase in the expenditure under the head of external affairs over which the Legislature had no control and suggested that the annual contribution paid to the League of Nations be stopped.

They looked with disfavour the proposed rearrangement in the method of accounting in the Postal Department whereby the available surplus in the working of the department was to be wiped out by such rearrangement. They added that the position could have been utilised in giving some relief to the user of the postal service by methods such as the restoration of half-anna post-cards, etc.

They recommended the continuation of the protection given to the Indian Salt Industry by extending the protective duty in the interests of the industry on the continent of India.

Railway Budget for 1938-39.

The Committee addressed a memorandum dated 16th February 1938 to the Government of India on the Railway Budget for 1938-39 introduced in the Legislative Assembly. They observed that if the railways were worked economically a higher dividend than 4.2% was possible. They regretted that adequate attention was not paid to the lot of third class passengers who were the principal customers of railways and that the railway policy had not been correlated to suit the economic conditions of the country. They stressed that if the railways had helped agriculture and industries, they would have been able to avoid the Road Traffic menace which was engaging their serious attention. They suggested a radical revision of top-heavy administration of the railways and also deprecated extravagant expenditure on several stations. The Committee proposed that Government should lay down a 10 year programme for facilities for third class passengers, Indianisation of services and construction of capital works.

Budget of the Government of Bombay for the Year 1938-39.

On 2nd March 1938 the Committee addressed a communication to the Government of Bombay, Finance Department, containing their views on the Provincial Budget for the year 1938-39. The Committee opposed the proposal to discontinue the grant of Rs. 5 lakhs to the Bombay Municipal Corporation from the Tobacco Revenue.

They regretted the continuance of the Emergency Taxation on stamps and electricity.. They welcomed the efforts of Government in the direction of enforcing prohibition within the Presidency. They suggested that Government should hasten slowly in the matter with a view to avoid any undue financial strain on the presidency.

They welcomed the efforts of Government permitting increased purchase of Indian made articles for Government departments. They expressed their disagreement on the policy of enhanced price preference for the products of cottage and handloom industries. They referred to the remarks made by the Hon'ble the Finance Member on a previous occasion on the question of nationalisation of electrical undertakings in the Presidency and strongly opposed the idea. They requested that Government should not come to hasty conclusions on such matters which would have serious reactions on the general economy of the presidency.

They welcomed the proposed appointment of an Economic and Industrial Survey Committee and expressed the hope that in selecting the personnel for the same, care would be taken to include in it men of outstanding abilities in the sphere of economics as also industrialists and agriculturists as the theoretical knowledge and practical experience of such people would be of considerable importance in the work of such a Committee.

They appreciated the desire of Government to help small industries in the Presidency. In this connection they however urged that organised industries should also be looked after by Government. Before imposing burdens on them in the nature of increased cost by increased labour charges or changes in the conditions of work, etc., the effect of such charges on the

financial capacity of the industry should be seriously considered.

Enquiry into Defence Expenditure.

The Committee addressed the Government of India on 30th September 1938 drawing their attention to the statement of the Finance Member in the Central Legislature on the question of India's Defence Expenditure wherein an announcement was made of the appointment of an Expert Committee to examine and report on the advisability of organising, equipping and maintaining the forces in India in accordance with modern requirements, having regard to the limited resources available in India for defence expenditure. The Committee observed that from the discussion which took place on the statement it was surmised that there would be no Indians on the personnel of the Expert Committee, and they therefore desired to know whether this was true. The Committee stated that in the light of important and weighty decisions on India's defence to be taken on the recommendations of the Expert Committee, the presence of Indians on the said Committee was essential, and they would strongly protest against their exclusion. The Committee urged the Government to have representative Indians on the said Committee in order that their suggestions and recommendations might be fair, just, impartial and in the interests of the country.

The Rupee Ratio.

As a rejoinder to the Government communique issued on 6th June 1938 maintaining that the existing statutory exchange value of the rupee was in the interests of the country, the Committee sent a telegram dated 6th June to His Excellency the Viceroy of India protesting against the announcement of the determination of the Government to maintain the present ratio without examining the various suggestions made from many quarters for the alteration of the Rupee-Sterling ratio. The Committee pointed out that the said communique was all the more surprising as it did not contain any grounds substantiating the stubborn attitude of the Government towards such a vital problem. The Committee maintained that the

plight of the agriculturists vis-a-vis the present ratio should have been the primary consideration for Government and not Government's budgetary position vis-a-vis the ratio. The Committee pointed out that India could not benefit by the trade revival because Indian currency was appreciated after the War as a deliberate measure while other countries were depreciating their currencies.

The Committee also requested Mr. Manu Subedar, their representative in the Central Legislative Assembly to move a suitable resolution in that Body, recommending a devaluation of the Rupee. A resolution given notice of by a member of the Congress Party was disallowed by the Governor-General.

Later in the year, on 8th December 1938, the Committee sent a telegram to the Governor-General expressing concern at the continued dissipation of sterling resources and the deflationary tendency with a view to give support to exchange.

They contrasted the action of the Indian Government with that of the New Zealand Government, which was taking all steps necessary to conserve its sterling resources and requested a reconsideration of the Government of India's exchange policy.

The Rupee Ratio and the Reserve Bank.

The Committee addressed the Reserve Bank of India on 7th July 1938, drawing their attention to the fact that the continuation of the Rupee Ratio at 1|6d. had reacted disastrously on trade, industries and agriculture of the country. The phenomenal fall of prices which came in 1930 had never been corrected and the producer both in industry and agriculture had been undergoing a difficult time. In particular the agriculturist had either to be protected or to be left to his sad plight, when the net realisation by him was hardly enough to cover his costs. There was no doubt that there was something wrong fundamentally with the basis of valuation in the country. It was this conviction which led commercial bodies all over the country, including this Chamber, to urge on Government the necessity of changing the ratio forthwith and further enquired thereafter what a permanent basis of valuation should be in this country. The Committee appealed to

the Reserve Bank Directorate to consider this question and tender to Government such advice as they might deem proper. The Committee trusted that the Reserve Bank authorities, who had the means of not only getting at public opinion but of weighing up the pros and cons of the problems, would not fail to do their duty.

The Reserve Bank in their reply dated 14th July, regretted that they were unable to reply to the query of the Committee, as the relations between the Bank and Government were of a confidential character.

Re-imposition of Stamp Duty on Cheques.

The Committee sent two telegrams dated 16th February and 22nd February 1938 to the Government of India protesting against the proposal to re-impose stamp duty on cheques. They pointed out that the duty was abolished in 1927 in pursuance of the recommendations of the Currency Commission, to encourage banking. They urged Government to elicit the opinion of the Provincial Governments, as also of the commercial bodies, before they took any action in the matter.

The Committee also submitted a detailed Memorandum to the Government of India in this connection on 11th May 1938, pointing out that the Royal Commission on Indian Currency and Finance as well as the Indian Central Banking Enquiry Committee had strongly recommended encouragement of the cheque habit by abolishing the duty on cheques. The Committee stated that they were aware that the various Provincial Finance Ministers had given their approval to the said proposal with a view to help their finances, without assuring themselves of any justification for such a step. The Committee made it clear that in the absence of any figures showing increase and decrease of the cheque habit since 1927, Government could not have with justification come to the conclusion that the exemption of cheques from duty had not led to the large use of cheques. The Committee stated that they had information that there had been very substantial increase in the number of persons using cheques for amounts under Rs. 100 and upto Rs. 500. The Committee feared that

if the said duty was levied Banks would suffer because the lower middle class people would find it impossible to bank their small pay or income in banks. The Committee welcomed the reduction in the duty of Hundis, but were of opinion that it was a blunder on the part of Government to interfere in the encouragement of cheque habit by the re-introduction of the stamp duty. The Committee drew the attention of Government to the significant fact that the Reserve Bank and the various local Boards of the Reserve Bank had protested against the proposed stamp duty on cheques.

Income-tax Bill, 1938.

In reply to a letter dated 14th April 1938 from the Government of India, the Committee submitted on 13th August their views on the Bill further to amend the Indian Income-tax Act, 1922. The Committee objected to the procedure of making such radical changes in the Income-tax Law by an amending Bill. They referred to the exemption of interest on sterling securities and certain pensions payable by Government and the statutory bar to the removal of such exemptions by virtue of certain sections of the Constitution Act. They urged Government to approach His Majesty's Government for amending these offending sections in order that the Indian Legislature might have freedom to shape their tax proposals in respect of such income. They pointed out that the Government had on important points, where the views of the Experts had coincided with the views of the Indian commercial communities made serious departures and even made changes which the Experts had reported against. As an instance in point the Government had thought it fit to introduce in the Bill the domicile factor thus introducing the very reactionary feature of racial discrimination in taxation. The Committee were pained to observe that the Government had ignored the recommendation of the Institution of an Income-tax Tribunal favoured by the Experts. They stated that this reform was long since due. The Committee stated that some of the changes had gone even beyond the U. K. Law and referred to the distribution of capitalised profits in the form of bonus shares which was made liable to tax although a similar

proposal had been rejected in the United Kingdom. In this connection they also referred to the aggregation of the incomes of husband and wife for tax purposes although the corresponding allowances given to wife and children in the U. K. were denied here. The Committee pointed out the extraordinary powers vested in the Income-tax Inspectors enabling them to enter without notice the premises of the assessees and take search and stated that such powers were not enjoyed by the Income-tax authorities in the U.K. The Committee commented that the Bill had tried to get the Legislature committed to the slab system in an indirect manner, but it had not given any opportunity to the Legislature to discuss the system, neither it had disclosed the details of the " slab " and the scale of rates on which the system was to be based.

In particular they opposed the proposal to introduce the written down value basis for depreciation, the provision for compulsory submission of returns, the limitations in the period for the carry forward of losses, the proposal to allow re-assessment of escaped income for 6 years, the absence of any proposal to improve the appellate procedure, the procedure of leaving the method of assessment of insurance companies to be determined by rules and the continuance of the system of exemptions from tax by executive orders.

Income-tax Bill—Foreign Income—Double Taxation Relief.

Clause 4 of the Income-tax Bill provided for taxation of foreign income of a resident in India on the accrual basis. At the same time it was also provided that in the case of a resident who was not domiciled in British India, income from sources other than business profession or vocation could not be taxed on the accrual basis. The Committee while expressing their views on the Income-tax Bill had expressed themselves in favour of the accrual basis, but had opposed the distinction referred to above as between domiciled residents and non-domiciled residents. The Bill as it emerged from the Select Committe continued the same provision so far as taxation of foreign income was concerned, i.e., it retained the accrual basis and prescribed different basis for domiciled and non-domiciled residents. The Committee therefore sent a telegram

to the Government of India on 18th November that on reconsideration of Clause 4 of the Bill they had come to the conclusion that in view of the difficulties already anticipated both in their original representation and in view of the decision of the Select Committee to retain the distinction between domiciled and non-domiciled residents, involving racial discrimination, the clause, as it stood, should be deleted and that the *status quo*, namely, taxation on remittance basis should continue.

The Committee had in their representation on the Income-tax Bill expressed themselves strongly in favour of the abolition of the existing double taxation arrangement as provided for in Section 49 of the Income-tax Act, as in their opinion the arrangements meant an annual drain of a considerable amount to the country. It was however evident that under Section 108 of the Government of India Act, any proposal to modify or abolish the relief in respect of double taxation could be introduced in the Legislature only with the previous sanction of the Governor-General. Reports appeared in the press that Provincial Ministries had approached the Governor-General for necessary sanction to enable changes being made in the clause of the Bill covering double taxation. The Committee also sent a telegram to His Excellency the Viceroy on 16th November 1938 requesting him to be pleased to give his previous sanction to any proposal to amend or delete Section 49 of the Income-tax Act, thereby making possible a large annual saving to the Indian Exchequer.

Interview with Mr. J. F. Sheehy, Member, Central Board of Revenue.

The Income-tax Sub-Committee of the Chamber had an interview with Mr. J. F. Sheehy, Member, Central Board of Revenue on 21st July 1938 when the following points regarding the Income-tax Bill were discussed :—

1. Need for a consolidating Bill.
2. Distinction between Domicile, etc.
3. Aggregating the incomes of husband and wife.
4. Dividend in the form of Bonus shares.

5. Re-opening of Accounts.
6. Depreciation Allowance.
7. Slab system.
8. Compulsory income-tax return by every Assessee.
9. Managing Agency Commission, etc.

Depreciation Allowance for Income-tax Purposes.

It was represented to the Committee that under Sections 10 and 11 of the Indian Income-tax Act, depreciation allowance was given to an assessee provided the prescribed particulars were given. Thereupon the Committee addressed the Central Board of Revenue pointing out that the assessees, ignorant of the provisions of the Law in this regard would forfeit their claim for refund for failing to supply the particulars in the prescribed manner. The Committee suggested that instructions should be issued to the Income-tax Department to send the prescribed form for claiming the depreciation allowance together with the form for making a return of income.

The Central Board of Revenue in their reply dated 28th June 1938 stated they were issuing instructions to the Department to the effect that the Income-tax officers should ask the assessee to fill in such form, where in the course of assessment proceedings it was found necessary to do so.

Trade Agreement Between U. K. and U. S. A.

On 17th November 1938, the Committee addressed a letter to the Government of India, Commerce Department, enquiring if they had any information as to the articles that were likely to be covered by the proposed trade agreement between the Government of United Kingdom and U. S. A. They laid particular emphasis on the consideration that any preferences given by the United States of America to the United Kingdom or *vice versa* under that agreement should not affect Indian exports to the United Kingdom or Indian exports to the U. S. A. Subsequently on receipt of a press summary of the terms of the agreement the Committee addressed a further letter to the Government of India on 1st December. It was reported in the said summary that the

Government of India had waived their rights to certain preferential position in respect of certain commodities under the Ottawa agreement with a view to facilitating the Anglo-American agreement. The Committee asked for details of the modifications agreed to by the Government of India and the list of commodities affected thereby. They also enquired if the unofficial advisors in connection with the Indo-British Trade negotiations were consulted before approving of such modifications.

Indian Shipping and the Indo-British Trade Negotiations.

The Committee at the instance of Indian shipping interests concerned, sent telegrams on 25th May to the Government of India Delegate and the leader of the Non-Official Advisors in connection with the Indo-British Trade negotiations, urging the inclusion of suitable provisions in the Indo-British Trade Agreement for securing adequate participation of Indian shipping in the Indo-British maritime trade.

Afghan Trade Policy.

The Committee addressed a letter to the Government of India on 22nd August 1938 drawing their attention to the difficulties experienced by Indian merchants in the matter of their trade relations with Afghanistan.

They observed that although reports had appeared in the Press to the effect that the Afghan Government had abolished the system of monopolies, excepting in very few articles, they would still await the results of the removal of the monopolies in question, and in the meanwhile would welcome a Press note by Government on the matter. They stated that the most serious difficulty that confronted the Indian merchants, as understood from information available, was a large amount of money due to the merchants which was lying frozen in Afghanistan. As estimated, the sum would amount to Rs. 27 lakhs, excluding cases which might not have been taken into account. Added to this, another factor was causing grave anxiety and that was depreciation of the Afghan currency. This would considerably reduce the already frozen credit. The Committee urged the Government to get into diplomatic

negotiations with the Government of Afghanistan, and bring home to them the unfortunate restrictions placed by a neighbourly state like Afghanistan on the nationals of this country and get assurance from them that the Indian merchants would in future be fairly treated.

The Government of India in their reply dated 10th October referred to the notice published in the *Indian Trade Journal* regarding the facilities given to Indian traders to exchange all Afghan currency in their possession for Afghan goods, and stated that Afghan restrictions on currency and exchange were the outcome of their own economic policy and applied to all countries alike and not only to India. The Government of India gave an assurance that they had already taken up with the Afghan Government the question of obtaining facilities for Indian merchants to trade in Afghanistan.

Trade Agreement Between India and South Africa.

On the 19th March, the Committee addressed a communication to the Government of India conveying their views on the temporary trade agreement between India and South Africa, the terms of which were announced in the Communique issued by Government on the 9th March. The Committee regretted that they should have persisted in the practice of concluding trade agreements, temporary or permanent, without previously consulting commercial opinion and the Legislature. They referred to the constitutional limitations in this regard and while recognising the implications of those limitations, urged the building up of a healthy convention that all trade agreements before they were finally concluded and ratified should be subject to the approval of the Legislature. They pointed out that although the present agreement was in theory terminable after three months' notice, in practice, having regard to the fact that under the Government of India Act, 1935, external affairs being a reserved subject, the notice in question when required to be given could be given only with the permission of His Majesty's Government. They also deplored the omission in the agreement of provisions relating to reciprocal rights of free trade, free citizenship, travel, residence, etc. Such rights were all the more necessary in the

case of an agreement with a country, like South Africa, where the treatment meted out to Indian nationals was not at all satisfactory.

They also addressed the Bombay Government in the matter and enquired if any of the provisions of the Agreement encroached on the rights of the Provincial Government. A reply was received from the Provincial Government to the effect that "Clause IV of the Agreement, viz., that the most-favoured-nation treatment provided for shall apply also to taxes or charges levied in connection with the internal distribution and sale of imported articles, referred not only to taxes included in the Federal Legislation list but also to those included in the Provincial Legislation list in the 7th Schedule to the Government of India Act, 1935." They stated that the Government of India held the view that this clause was fully covered by Section 297 (1) (*b*) of the Act, and that therefore the clause did not encroach on the Provincial legislative sphere.

Exports to Iran.

The Committee addressed the Government of India on 1st July 1938 drawing their attention to the difficulties experienced by Indian merchants in exporting goods to Iran as well as in receiving payment for amounts due from that country. The Committee stated that India's balance of trade as against Iran was far too much adverse and the position demanded adjustment by securing a greater export market for Indian goods. The trade position between the two countries justified India's claim for a greater share of the Iranian market for Indian textiles. The Committee urged that Government should seriously take up this question with the Government of Iran and press the claims of Indian cotton manufacturers for a fairer treatment in the Iranian market.

Report of the Tariff Board on the Sugar Industry.

It was represented to the Committee that Government should be requested to publish the report of the Tariff Board on the Sugar Industry to enable the commercial public and the industry in particular to express their opinion in time on the said report.

The Committee thereupon addressed the Government of India on 13th July 1938 drawing their attention to the said report which had not been published even though more than six months had elapsed since its submission to Government. They requested Government to publish the report in time to enable the business community to express views on the same before it was placed before the Legislature for acceptance.

Protection to Magnesium Chloride Industry.

In reply to a letter dated 12th January 1938 from the Tariff Board regarding desirability of continuing measures for the protection of the magnesium chloride industry after 31st March 1939, the Committee submitted their views as under :—

During the world war the import of magnesium chloride, an essential ingredient used in sizing used for cloth in the textile industry, was practically stopped. As a result the Pioneer Magnesia Works were started in Kharagoda, which supplied the needs of the mills during the war period. To offset the dumping of the stuff by foreign countries after the war, the industry got protection in 1929 and subsequently in 1931 for a period for seven years. Japan started dumping the stuff from 1933 at entirely unremunerative rates. The magnesium chloride industry had during the period of protection developed production from nearly 2,500 tons in 1931 to 10,000 tons recently and has been in a position to export the stuff to foreign countries. The Committee stated that if the present protection were withdrawn, it was feared that the foreign dumping would begin and the Indian industry would go to the wall. Besides, the textile industry, the chief consumer of the article, had no grievance against protection. Magnesium chloride was now beginning to be used for other purposes also. Taking into consideration plentiful raw material required for the manufacture of magnesium chloride obtained in the country, sufficient supply of labour and a large home market the Committee urged the continuance of protection to the industry.

Tariff Board Enquiry Regarding Paper Industry.

On 12th March 1938 the Committee addressed a communication to the Tariff Board supporting the claim of the industry for the continuation of the existing measure of protection. They referred to the progress made by the industry in recent years and pointed out that if protection was withheld at this stage, the hopes of having the industry well established in the country would not materialise. At the same time they recommended that the Board should, while continuing the measure of protection, suggest ways and means of a greater and a more rapid use by the industry of bamboo pulp for its raw material thereby ensuring that the primary object of the protection scheme of the utilisation of the resources of the country in the raw materials for paper such as bamboo, grass, etc., was fulfilled at an early date. They further requested the Board to examine the question of extending the protection to certain other varieties of paper not coming within the existing scheme of protection. Imports of varieties of paper not protected during recent years had increased considerably and as the Committee were advised that efforts were being made by certain mills to produce certain varieties of such paper, the said efforts should be facilitated by including these varieties in the scheme of protection.

Protection to Silk Industry.

The Tariff Board by their letter dated 24th May 1938 forwarded two questionnaires in connection with the enquiry into the claims for protection to the silk industry and invited the views of the Committee thereon. The Committee pointed out that the protection afforded by the Indian Tariff (Textile Protection) Amendment Act of 1934 did not give to the industry the measure of protection recommended by the Tariff Board. The Committee invited a reference to the Commerce Department Resolution dated 9th April 1938 which asked the Board to take into account, while making their recommendation, the financial needs of the country and dependence of the Government of India on imports and excise duties for a large part of their revenue. The Committee objected to the introduction of the revenue factor in the terms of reference. They

stated that the position of the industry had worsened after the measure of protection granted in 1934 and therefore the need for protection to the industry was greater. They referred to the figures of foreign imports of silk piecegoods into the country and emphasised that the expectations of the Board had not been realised. The Committee also suggested that the scheme of protection should include automatic safeguards against currency fluctuations and against abnormal reduction in the price of imported silk and silk piecegoods. They maintained that the industry had a historic past and that it should be given an adequate protection for a long period.

Certificate of Origin for Preferential Duties and Goods of Indian States Origin.

As recorded in the Report of the Committee for the year 1937, they had requested the Government of India to make it clear whether Indian States were included in the term "British India" for purposes of certificates of origin for manufactured goods as also for purposes of preferential rates of duties under the Ottawa and Imperial preference schemes. The Government of India in their reply dated 22nd July 1938 stated that this question was decided in consultation with His Majesty's Government in U. K. that the term "British India" would be regarded as including Indian States for the purpose of preferential rates of duty. With regard to the position under the Indian Merchandise Marks Act, it was added that although the marking of goods produced in Indian States as "Made in British India" constituted an infringement of the said Act, it was decided that no action should be taken under that Act in respect of such goods entering British India when they were intended for export abroad or were part of transhipment cargo.

Marks of Origin on Gunny Bags.

As recorded in the Report of the Committee for the year 1937, they had requested the Indian Trade Commissioner in London to intercede with the U. K. Customs authorities regarding the requirement for marking the manufacturers' name on gunny bags in which oilseeds and grain were

exported from India, to indicate that the bags were of Indian origin so as to get the requirement in question relaxed. The Indian Trade Commissioner in his reply dated 21st July 1938 stated that there had been in recent months no case in which the London Customs authorities had insisted on marks of origin being placed on such containers. He, however, agreed to take up the matter with the authorities concerned if any specific instances were supplied to him where such marking was insisted upon. He added that the sacks of grain emptied on board or on quay were now treated as normal packing and were admitted free of duty provided such sacks were the property of the merchants concerned and that they had been used as containers at the time of importation. It was also added that if the sacks were the property of the ship and landed for home use, they were liable to duty separately, but the same were admitted free if accompanied by the necessary certificate of origin.

Recovery of Duty on Shortage in Weight of Goods Re-exported.

The Committee had addressed on 21st December 1937 the Collector of Customs drawing his attention to the levy of duty on the weight lost with regard to consignments re-exported from bond. The Committee desired to know whether such duty on dryage was collected and if so, the reasons for this change in practice. The Collector of Customs in his reply dated 16th August stated, that such duty was levied in accordance with Section 94 of the Sea Customs Act whereby an amendment in the declaration of the quantity or value of any goods entered for warehousing could be allowed at any time before the warehousing of the goods was completed but not subsequently. Accordingly the duty was levied on the quantity declared by the bond holder in the original Bill of Entry for bond in case of goods re-exported from bond and not on actual weight at the time of re-export when some weight might have been lost on account of dryage.

Raw Drugs—Duty on—Railway Freight on.

Raw drugs are liable to an import duty of 30 per cent, while medicines containing such drugs are only assessed to

duty on the alcohol contents of the same, the drugs contents thus enjoying free import. This placed the indigenous manufacture of medicines in a disadvantageous position in the matter of competiting with foreign imported medicines. The Committee, therefore, addressed a letter to the Government of India, Department of Commerce, pointing out the injustice done to the pharmaceutical industry of India and urging the abolition of the duty in question. In support of their demand they quoted the views expressed by the Indian Drugs Enquiry Committee in 1931, favouring such an abolition.

The Government in their reply dated 9th September stated that it was not possible to arrive at a workable definition of crude drugs as many substances (e.g. Camphor) used in the manufacture of medicines were also used for other purposes. They stated that the Pharmaceutical industry had however received a measure of assistance through the raising in the revenue import duty on medicines from 5% *ad valorem* to 30% standard and 20% preferential. Regarding drug contents in imported medicines containing spirits not bearing any duty, they explained that the alleged handicap to the Indian industry was counter-balanced by the advantage which that industry enjoyed in paying spirit excise duty at Rs. 5|- per gallon as against the Customs spirit duties of Rs. 26|- and Rs. 29|- per gallon. They added that while import duty was not separately charged on bottles, corks, etc., the cost of containers and packing was included in the total cost of medicines.

Regarding Railway freight on drugs they stated that the question was receiving the attention of the Indian Railway Conference Association and the relevant entries for "Drugs country" and "Drugs imported" would be revised as follows :—

	Classification.
Drugs, crude or raw . .	. . 4 R.R.
Do. (N.O.C.)	. . 4 R.R.
Drugs, manufactured (N.O.C.)	. . 8 R.R.

The Committee again addressed the Government on 1st December, stating that the difficulty of abolishing the import duty on raw drugs mainly because many substances used in

the manufacture of medicines were also used for other purposes, was not insuperable. They stated that the United Kingdom had placed on the free list a large number and variety of raw drugs required for the pharmaceutical industry, and therefore it was not impossible to prepare a similar list of raw drugs required by the Indian pharmaceutical industry and admit such drugs into the country duty free. The Committee observed that the increase in the import duty on medicines could not be considered as any protection to the industry, as other cognate recommendations of the Drugs Enquiry Committee for affording protection to the pharmaceutical industry had been ignored. They stated also that the plea of the rate of duty on imported medicines being higher than the rate recommended by the Enquiry Committee could not be advanced as any measure of protection, as all the recommendations of the Committee should have been considered as a whole. The Committee urged Government to re-examine the position of the industry and abolish the import duty on raw drugs required by the industry.

Import Duty on Foreign Cotton.

The Buyers and Shippers' Chamber of Karachi by their letter dated 2nd September 1938 forwarded a copy of their representation to the Government of India regarding the advisability of imposing a prohibitive duty on imports of foreign cotton and requested the Committee to support the same. The Committee in their reply dated 14th September 1938 pointed out that they had recommended to the Government of Bombay an increase in the import duty of cotton up to 15/16 inch staple but were opposed to any action in the nature of import duty or prohibition on the imports of higher staple cotton in the interests of the Indian Textile Industry as such a duty on higher staple cotton would handicap the Indian Textile Industry from competing successfully with the finer products of foreign cotton.

Duty on Yarn and Cotton Piecegoods Imported into Egypt.

The Committee addressed the Government of India on 16th May 1938 supporting the representation of the Bombay

Millowners' Association submitted to Government in connection with the recent increases in the import duties on cotton yarn and piecegoods effected by the Egyptian Government. They stated that India was an important customer of Egyptian cotton, and it was up to the Egyptian authorities to see that no undue burdens were imposed on the Indian imports into that country. They also stated that the type of cotton yarn and piecegoods generally exported to Egypt from India were not the same as produced in that country, and there was the least likelihood of Indian textiles competing with the textile industry of Egypt. The balance of trade between the two countries was in favour of Egypt and it was therefore required of the Egyptian authorities to see that the balance was not made more adverse by restricting Indian imports into that country. They added that the restriction of Indian textile imports into Egypt would react unfavourably on the use of Indian cotton. The Committee urged the Government of India to negotiate either directly or through British Government, with the Government of Egypt with a view to getting the duties reduced.

Import Duty on Liquid Chlorine.

A suggestion was made to the Committee that they should move the Government of India with a view to the abolition of the existing import duty on liquid chlorine. On examination, however, the Committee found that there was no case made out for such an abolition of the duty. On the contrary, they were given to understand that efforts were being made to manufacture liquid chlorine in the country and that in view of the prospects for the manufacture of the commodity in the country itself the proposal for the removal of the duty would be facilitating foreign competition to an Indian industry. As the Committee understood that certain parties had already approached the Government of India, they addressed a letter on the 25th March 1938 to the Commerce Department conveying their opinion against such a removal and desiring the continuance of the duty in question.

The Government of India in their reply dated 26th July 1938 stated that no reduction of the duty in question was contemplated.

Removal of Import Duty on Raw Films and Cine Machinery.

The Committee addressed the Government of India on 17th October 1938 supporting the representation from the Indian Motion Picture Producers' Association, Bombay, to the Government of India, in connection with the removal of import duty on raw films and cine machinery. They stated that the film-producing industry was a new industry in India, and provided useful employment to a good deal of Indian talent which was forthcoming in the country. They stated that capital was also being invested in this industry and many other subsidiary industries stood to benefit by it. They urged that Government should remove a great handicap on this industry by removing the import duty on raw films in the interests of the industry.

Import Duty on Wheat.

With reference to the Wheat Duty Bill passed by the Central Legislature at the last session, imposing a duty of Rs. 1|8|- per cwt., on wheat and wheat flour, the Committee sent a telegram to the Government of India on 8th December 1938, urging them to exempt wheat contracted before the date of the Bill from the operation of the duty, as was provided in the Wheat Import Duty Act, 1931. They added that if this provision was not made in the Bill, this sudden imposition of duty would affect bona fide transactions entered into prior to the Bill.

Abolition of Tariff Value of Pig Iron.

The Director-General of Commercial Intelligence and Statistics by his letter dated 3rd June 1938 informed the Committee that it was proposed to abolish the tariff value of pig iron and to assess the article on *ad valorem* basis, as the imports of the same into India were negligible, and invited the views of the Committee on the proposal. The Committee in their reply dated 6th July 1938 stated that they had no objection to the proposal to abolish tariff value of pig iron.

Tariff Value for Japanese Filatures.

The Director-General of Commercial Intelligence and Statistics informed the Committee in his letter dated 17th

August 1938 that as imports of hand-reeled and hand-re-reeled silk from Japan had come to the notice of the Department, it was proposed to amend tariff valued head " Japanese filatures," to " Japanese filatures and hand-reeled and hand-re-reeled," and to consider the said proposal at the annual revision of tariff values to be held at the end of the year. The Committee in their reply dated 13th October stated that they had no objection to the said proposal.

Tariff Values for Silk Piecegoods.

The Director-General of Commercial Intelligence and Statistics by his letter dated 6th August 1938 forwarded a list of proposed classification of silk piecegoods and invited the opinion of the Committee on the question of the re-introduction of tariff values for silk piecegoods imported from China and Japan which would be considered at the next annual revision of tariff values. He stated that the tariff values fixed for such goods were abolished in 1934, but owing to difficulty experienced at certain ports in assessing these goods on *ad valorem* basis, it was proposed to re-introduce the tariff values. The Committee in their reply dated 2nd September supported the list of heads for the purpose of prescribing tariff values for silk piecegoods submitted to the Director by the Bombay Silk Merchants' Association.

Changes in Tariff Valued Heads.

The Director-General of Commercial Intelligence and Statistics by his letter dated 9th August proposed a revision to be made at the end of the year that Gun metal ingots and old Gun metal should be removed from its present head, " Brass, Patent or Yellow metal, etc.," and should be assessed on *ad valorem* basis. The Committee in their reply dated 22nd September stated that they were advised that it was difficult to distinguish old Gun metal from old brass scrap without an analysis of the pieces, and there was no great difference in prices of old brass and old Gun metal. They therefore stated that the present practice of assessing such metals should be continued.

With regard to the proposal to place Dark coloured Crown Cork glass bottles under a separate head, the Committee stated that the same were not imported in any large quantity and that such bottles as were in use were second-hand ones. They therefore stated that there was no need for a separate tariff valued head for the same.

Annual Revision of Tariff Values.

As usual Dr. John Matthai, Director-General of Commercial Intelligence and Statistics met members of the Import-Export Sub-Committee of the Chamber and representatives of various commercial houses interested in the question of annual revision of tariff values on Wednesday, the 16th November 1938, at 3 p.m. and discussed the various suggestions put forward by the merchants on the provisional values for the year 1939 proposed by Government.

Revision of the List of Articles Specified in the Sea-borne Trade Returns.

In response to the letter from the Director-General of Commercial Intelligence and Statistics dated 12th November 1937 regarding the annual revision of the list of articles specified in Sea-borne Trade Returns in British India, the Committee in their reply dated 23rd December last had stated that (1) Healds and Reeds, and (2) flashlight batteries and flashlights should be separately classified in the said Trade Returns. The Director-General of Commercial Intelligence and Statistics by his letter dated 5th May informed the Committee that as desired by them the heading " Batteries " was sub-divided into (*i*) " For flash lamps," and (*ii*) " others." He further desired to have a list of items that should be classified under the heading " flashlights." He added that the suggestion of the Committee regarding Healds and Reeds was unacceptable.

The Committee In their reply dated 25th May stated that the flashlights used with batteries should be separated from flashlights of other description and further that batteries and flashlights both should be separately classified in value and quantity with particulars regarding the share of the different countries.

The Director-General of Commercial Intelligence and Statistics by his letter dated 11th November 1938 again desired the opinion of the Committee regarding articles requiring special treatment in connection with the annual revision of the list of articles specified in the Sea-borne Trade Returns of British India under consideration of the department. The Committee in their reply dated 23rd November stated that their previous suggestions regarding articles requiring specific treatment in the said list did not receive due attention from the department. They pointed out that it was disappointing to find that the returns include particulars of less important articles while articles requiring special treatment from the commercial point of view were ignored on the plea that their inclusion would increase the expenditure of the department. While making no additional suggestions, the Committee requested that their previous suggestions regarding healds and reeds, flashlight batteries, flashlight, etc., should be reconsidered.

Separate Classification of Surgical and Medical Appliances in the Sea-borne Trade Returns.

The Committee addressed on 1st September 1938 the Director-General of Commercial Intelligence and Statistics drawing his attention to the necessity of separate classification of Surgical Instruments and Appliances, Aseptic Hospital Furniture, Drugs, Medicines and Proprietary Medicines in the monthly as well as annual publications of the Sea-borne Trade of India, as the same would enable the Indian manufacturers in such industries to gauge the extent of the requirements of the said articles in the country.

Town Duty on Tea.

It was represented to the Committee by the local Tea merchants, that the Bombay Municipality had proposed to levy a town duty on all teas arriving in Bombay at the rate of Re. 0-0-6 per lb. and that they had applied to the Government of Bombay to get their sanction to levy the said tax. It was feared that if Government sanctioned the levy, the tea trade in Bombay would suffer a setback. The Committee thereupon

addressed the Government of Bombay supporting the representation of the tea merchants in this connection. They maintained that as Bombay was not only a big tea consuming centre, but was also an *entrepot* for distribution of tea throughout the districts, the proposed tax would be a severe handicap to the Bombay tea trade, looking to the fact that the prices of tea had been recently much reduced. In reply to the contention of the Bombay Municipality that refund of town duty was given on teas sold out of Bombay, the Committee urged that it was not possible for the trade to get the benefit of such refund, as tea was generally sold in mixtures of different varieties, and this essential factor in the trade would not allow the original nature of the article to be maintained for the purpose of claiming refund. The Committee observed that the levy of the tax would come in the way of realising the prohibition policy of Government as tea would have to be made available to the public in as pure and cheap a form as possible, as a substitute for alcohol. They therefore urged Government to withhold their sanction to the levy of town duty on tea and to ask the Municipality to reconsider the matter.

Town Duty on Plywood.

It was represented to the Committee that the Bombay Municipality continued to recover Town Duty on Plywood in contravention of the judgment given in January last by the Hon'ble the Chief Justice, Bombay High Court, in an appeal on the question of licence fees levied by the Bombay Municipality on plywood. The Judgment held that plywood was not timber. The Committee thereupon addressed on 28th April 1938 the Bombay Municipal Corporation requesting to know whether they had examined their position in regard to the right of levying town duty on plywood in the light of the said judgment, and whether they were justified in continuing to recover the said duty.

The Bombay Municipality in their reply dated 11th May 1938 stated that orders had already been issued to the collecting agencies to discontinue levy of town duty on plywood in accordance with the said judgment of the High Court. They

added that the duty recovered on the article from the date of the said decision would be refunded. The Committee in a further letter dated 26th May 1938 stressed the claims for refund of amounts paid as town duty even prior to the date of the High Court judgment in question excepting in case of payments which were barred by the ordinary law of limitation.

The Bombay Municipal Corporation in their reply dated 29th June 1938 stated that the duty was rightly levied upto 19th January 1938 according to the judgment of Chief Judge, Small Causes Court who had held that "Timber" included plywood. They added that under Section 217 (2) (*a*) of the Bombay Municipal Act it was necessary to file an appeal against the levy of the tax before the Chief Judge, Small Causes Court within 15 days after the payment of duty, which was not done. They stated that the refund was allowed from 20th January 1938 as per the judgment of the High Court.

Proposed Municipal Duty on Tinned Provisions.

The Committee addressed on 24th September the Government of Bombay regarding the proposed levy of town duty by the Bombay Municipality on all tinned, bottled and similarly packed provisions of oilmanstores imported into Bombay at the flat rate of anna one per pound (lb.). The Committee urged the Government in this connection to look to the other side as well before arriving at a decision in the matter. They stated that they felt doubtful as to whether the revenue of Rs. 3 lakhs expected from this duty would be realised and that the incidence of taxation on these tinned and bottled provisions would be great and the difficulty would be enhanced for the trade by the practical impossibility of getting refund of the town duty. The Committee explained that the Bombay merchants had to sell the goods in small retail lots to the mofussil merchants making recovery of refund on such sale impossible. The Committee stated that the proposed duty would lead to diversion of trade from the City and would penalise the Bombay businessmen.

Amendment of Town Duty Refund Rules.

With reference to the correspondence of the Committee with the Bombay Municipal Corporation in connection with the proposed amendment of Town Duty Refund Rules mentioned in the Report of the Committee for the year 1935, the Committee had addressed the Government of Bombay on 20th December 1937, requesting that sanction should be accorded to a revision of the said rules as resolved upon by the Corporation and suggesting that if according to Government no sanction could be given to any amendments of the rules unless the proposal for the same originated from the Municipal Commissioner, it lay with Government to amend the Municipal Act to the effect that action on his own initiative by the Commissioner should not be a condition precedent for the consideration of such amendments. The Government of Bombay in their reply dated 17th May stated that Rule 19 (2) which provided that if the difference between the weight or quantity certified on export and that declared by the exporter was more than 10% it would constitute a material discrepancy, was a sufficient safeguard for honest trade. They stated that claims rejected on account of discrepancies totalled only .007% during the last five years and therefore the proposed change in the rules was unnecessary.

III.—TRADE, INDUSTRIAL AND LABOUR LEGISLATION

Bombay Moneylenders Bill.

The Government of Bombay invited the views of the Committee on the Bill to regulate the transactions of moneylending in the Province of Bombay. The salient features of the Bill were :—

(1) Annual registration and licensing of moneylenders.
(2) Regulation of Accounts.
(3) Limitation of rates of interest.
(4) Re-opening of settled accounts.
(5) Penalising molestation of debtors.

The Committee sent a communication on 19th March 1938 to Government containing their views in detail on the provisions of the Bill. After referring to the part played by moneylenders in the general economy of the country and the services rendered by them in the past, they drew attention to the various legislative measures in force like the Usurious Loans Act, Deccan Agriculturists Relief Act, etc., designed to protect the interests of *bona fide* debtors. At the same time they recognised the need for some legislation to restrict the activities of certain types of moneylenders who had proved themselves obnoxious by some of their practices. The scope, however, of such legislation should be hedged round by certain limitations and exceptions as will safeguard the interests of *bona fide* moneylenders. With this object in view, the Committee suggested the exclusion from the purview of the Bill of persons *bona fide* carrying on the business of banking or shroffs or insurance or those *bona fide* carrying any business not having for their primary object the lending of money in the course of which and for the purpose thereof they lend moneys. In this connection they invited the attention of the Provincial Government to the similar exceptions provided for under the English Moneylenders Act and observed that unless such exceptions were incorporated in the Bill in question, they

were unwilling to accept the principle of licensing of money-lenders.

The Committee also made detailed suggestions on the various clauses of the Bill.

Forward Trading and Provisions of the Bombay Securities Contracts Control Act and Cotton Contracts Act.

The Government of Bombay addressed the Committee on 3rd May 1938 regarding the desirability of exercising effective control over forward trading both in stocks and shares and in commodities generally. They pointed out that according to the Bombay Securities Contracts Control Act, 1925, contracts for the purchase or sale of securities other than ready delivery contracts were void unless the same were made between members or through a member of a recognised stock exchange. Contracts entered into in violation of this Act were only void but not illegal. Under the circumstances it was not possible to effectively control forward trading if the penalty for non-compliance with the rules of the recognised stock exchanges was merely that contracts were void in law. It was suggested that forward trading in stocks and shares should be made illegal except when made through recognised associations and that wilful violation of the rules of such associations should be made punishable with fine and/or imprisonment. Government made it clear that a close monopoly of any recognised organisation was not implied in this suggestion. They stated that amongst commodity markets, cotton market was the only regulated market under the Bombay Cotton Contracts Act, 1932. Under this Act also any contract entered into in violation of the rules and by-laws of any recognised cotton association was void but not illegal.

Government invited the views of the Committee on the desirability of putting an effective control on forward trading by making voidable transactions illegal and a penal offence. The Committee in their reply dated 8th June stated that they did not favour, as a normal matter, any control or interference by Government, with trade or industry beyond what was required in the interests of trade and industry. With regard to the amendment of the law relating to forward trading in

cotton in the Presidency, they stated that the two organised associations, viz., the East India Cotton Association, Ltd., and the Shri Mahajan Association, Ltd., should be made to amalgamate into one organisation in order to carry out the primary intention of regulating forward trading in cotton by unitary control over the market.

With regard to the amendment of the law relating to forward trading in stocks, shares and securities in the Presidency, the Committee referred to the restrictive nature of Rule 7-A of the proposed rules and regulations of the Bombay Native Share and Stock Brokers Association.' The Committee observed that with a view to bring about unitary control in stock markets also, the two organised stock markets, viz., the Native Share and Stock Brokers Association and the Indian Stock Exchange Ltd., should be made to amalgamate into one organisation. The Committee, however, urged Government to examine and eliminate the causes that had led to the formation of rival associations in order that the principle of unitary control in forward trading might be realised in practice.

With regard to the question of amending the law so as to make contracts in forward trading in stocks and shares and securities and cotton, etc., not in accordance with the rules and regulations of the associations representing those trades illegal, instead of void, the Committee stated that they were generally opposed to subjecting commercial transactions to penal provisions. The Committee, however, observed that if unitary control was to be brought about in the interest of *bona fide* business, some penal penalty might have to be provided for as a deterrent to wholesale gambling. The Committee urged Government not to enact any legislation for other markets until a definite demand came from the trades concerned.

Extension of the Provisions of the Agricultural Produce (Grading and Marking) Act, 1937, to certain other Commodities.

The Government of Bombay addressed the Committee on 16th July forwarding a letter dated 25th June from the Imperial Council of Agricultural Research to the Provincial

Governments on the above subject, and invited the views of the Committee thereon.

The Committee in their reply dated 26th August agreed with the suggestion to include fruit products, cotton of specified varieties, *Ata* and rice of special varieties in the schedule under the Agricultural Produce (Grading and Marking) Act, 1937. With regard to grades and designations, the Committee suggested that the rules in question should be previously circulated for the information and approval of commercial bodies.

In this connection the Committee also addressed on 25th August, the Indian Central Cotton Committee in reply to their circular dated 30th July, agreeing to their proposal to include cotton in the schedule of the said Act. They further stated that the areas for growing superior types of cotton should be fixed and the growing of any other cotton therein should be prohibited.

Prohibition of Imports of Cotton Seeds from Burma.

A Bombay firm represented to the Committee that a consignment of cotton seeds imported by them from Burma into Bombay was not allowed by the Customs to be cleared from the docks as the import of the same was prohibited according to Destructive Insects and Pests Act, 1914, from 9th February 1938.

The Committee thereupon sent a telegram dated 7th June to the Government of India requesting them to give permission to the importing firm to clear the said consignment of cotton seeds as the consignment was imported through ignorance of law prohibiting such import and assuring them that the article would only be used as cattle food. The Committee were informed on 10th June that Government had postponed application of the Act till 31st July 1938 in case of imports of plants, etc., from Burma.

Details of Liquid Quantity and Proof Strength of Wines and Spirits.

Under Section 29 of the Sea Customs Act Bills of Entry relating to imported goods should communicate the real value,

quantity and the description of the goods in question. The Collector of Customs, Bombay, informed the Committee that in the case of wines and spirits particulars relating to liquid quantity and proof strength were not being declared by importers with the result that the Department had to determine the same for the purpose of assessment. To relieve the department of the extra work and to ensure more accurate result, the Customs authorities proposed that in future such details of liquid quantity and proof strength should be shown by the importers in the Bills of Entry, and invited the views of the Committee on the proposal.

In reply the Committee informed that they had no objection to the requirements in question.

Revision of the Indian Merchandise Marks Act, 1889.

In reply to the letter dated 21st July from the Government of Bombay inviting the views of the Committee on the draft Bill for revision of the Indian Merchandise Marks Act, 1889, the Committee submitted their views on the said Bill on 14th September, as under :

The Committee stated that the present Act was nearly 50 years old and stood badly in need of revision owing to important and vital changes having taken place in the world of trade and industries during this half a century. They pointed out that there would be great opposition to the proposal contained in the draft Bill to treat the present unregistered trade marks as merely trade descriptions, as such marks were valuable properties of businessmen and were left unregistered because of the absence of any Trade Marks Law in India. Except for jewellery and such other articles as did not permit readily of showing the country of origin by marks, the Committee emphasised the necessity of marking the country of origin on all non-Indian or foreign goods not only on the cases but on the goods themselves. The Committee stated that under the present definition of " Trade Mark " as assigned in Section 478 of the Indian Penal Code, the foreign marks were placed in a more favourable position than the British marks while the latter had more advantages than the Indian marks. The Committee therefore suggested that Section 478 of I.P.C.

should be amended as per clause 2 (*k*) of the new Trade Marks Bill, and stated that the term "Trade Marks" should be made applicable to the following classes of marks :—

(1) Trade marks registered in India.

(2) Trade marks registered in United Kingdom.

(3) Trade marks protected in such foreign countries or Colonies which have reciprocal arrangements with India, under the proposed Registration of Trade Marks Bill.

The Committee observed that under Section 18 (*e*) of the Sea Customs Act the United Kingdom were accorded certain privileges, while no reciprocal privileges were accorded to Indian exporters in the United Kingdom market. They stated that these privileges should be now withdrawn as the Indian market was now competing with United Kingdom. The Committee stated that marking requirement of imported goods should apply both at the time of their importation and at the time of sale in India by wholesale or retail. The Committee suggested that both the imported and Indian yarn should be marked with an indication of the count and weight on each bundle.

Indian Merchandise Marks Act and Application of Correct Trade Description of Cotton Yarn.

The Committee addressed the Government of India on 27th May supporting the memorandum submitted by the Bombay Millowners' Association on the above subject to Government, stating that they were in agreement with the suggestion contained in the said memorandum to the effect that the Indian Merchandise Marks Act should provide for (1) count of yarn, (2) net weight in lbs. of yarn in the bundle being stamped on all grey and bleached yarn. Regarding certain modifications in the allowances for variations in counts and weights suggested in the memorandum, the Committee stated that as far as possible, the actual weight or length should conform strictly to the marked weight or length, as discrepancies between stamped and real particulars would affect the reputation of Indian goods. The Committee felt that it was necessary that the scale of variations should be strictly limited to

the absolute minimum that might be considered necessary or just to meet the requirements of each case. Subject to the necessary modifications, they requested the Government to amend the law at an early date.

Proposed Legislation for Registration of Trade Marks in India.

In reply to the letter dated 7th June 1938 from the Government of Bombay, the Committee submitted on 19th July 1938 their views on the draft Bill for the Registration of Trade Marks in India. The Committee stated that with regard to the location of the trade marks register and the office of the Registrar at Calcutta the jurisdiction should vest not only in Calcutta High Court, but also in all other High Courts in the different provinces. They also suggested that branch registers should be kept in all the important Provincial Commercial towns, and that a file of the Trade Marks Journal should be kept at some Government office in all the principal cities of commercial importance. With regard to the cotton marks register in Bombay, the Committee suggested that registration should be done at Bombay itself by a Registrar who would look not only to cotton marks but also to other registrations. The Committee suggested the fees as under :—

Re. 1 for application.

Rs. 5 for registration.

Rs. 5 for renewal.

They stated that they were opposed to separate provisions for the United Kingdom and other foreign countries, and priority to United Kingdom applicants, whose registration should be effective from the date of application in India and not from the date of application in the U. K. They suggested that the registration of marks here by the United Kingdom users should not in any way prejudice the rights of the first user in India. The Committee urged that the Government of India should be authorised to make arrangements with all foreign Governments including the United Kingdom on such terms as they may deem fit and necessary.

Indian Patents and Designs (Amendment) Bill.

The Government of Bombay invited the views of the Committee on the proposed Indian Patents and Designs (Amendment) Bill. This Bill was considered necessary for amending the law in order to put a stop to the import of goods bearing pirated designs, registered under the Indian Patents and Designs Act, 1911. The proposals in the Bill are designed to supplement the defective provisions of the present law. The Committee after examining the proposed amendments, replied stating that they were in general agreement with the provisions of the Bill.

New Conditions for the Issue of Electric Licences.

The Committee addressed the Government of Bombay on 27th April 1938 with reference to the Government press note dated 25th February 1938 on the new conditions for the grant of electric licences, pointing out that the maximum limit of 4% fixed for allotment as profit to the shareholders or the licensee was too low to attract capital to work electrical undertakings with the result that all those small towns and villages in the Presidency which have yet to be served with the supply of electricity would, for a long time, have to go without the benefits of the same. The Committee stated that the provision for a deposit with Government of 20% of the estimated cost of the works would be a great handicap and would discourage new licences. The Committee presumed that by generation cost, Government meant the cost including distribution cost and that the rates fixed would be based on such net cost of production and supply of such power. The Committee urged that Government would, in their effort to regulate the cost to the consumer, take into consideration rates which would be a fair return to the producer at the same time equitable to the consumer.

Certain modifications in the terms were announced by Government subsequently.

Bill to Prevent Strikes and Lock-outs.

The Government of Bombay prepared a draft Bill to aid in the prevention of strikes and lock-outs and promote ami-

cable settlement of trade disputes in factories and other industrial establishments and invited the views of the Committee on the same. The principal features of the Bill were: provision in regard to registration of trade unions, compulsory reference of disputes arising from certain matters to Conciliation Boards and subsequently, if necessary, for arbitration and preventing strikes and lock-outs pending the decision of such Conciliation or arbitration proceedings.

The Committee generally welcomed the Bill, but desired that the scope of it should be restricted to the main sources of difference between employers and employees, viz., intended or desired changes in the wages and wage rates or hours of work. They felt that the machinery of the Bill should not be utilised in regard to differences or disputes over other conditions of employment such as shift work, recognition of unions, rules of discipline, etc. They also suggested that the Bill should apply for the time being only to organised industries and that small industries and trades should be excluded from its purview. They objected to the proposal for making the Commissioner of Labour as ex-officio Chief Conciliator under the Act and were of opinion that Conciliator or Conciliators for purposes of the Act should be chosen from a panel of men with judicial qualifications.

Subsequently a Bill, which differed in material respects from the original draft was introduced in the Legislature and passed into law. The legislation in its final form provided for the appointment of an Industrial Court also.

Bill to Regulate Hours of Work of Shop Assistants and Commercial Employees.

The Government of Bombay invited the views of the Committee on the above Bill by their communication dated 15th March 1938, to which the Committee replied on 27th April 1938 mainly as under :

While recognising the necessity of regulating the Hours of Work of Shop Assistants, the Committee desired that the commercial employees, persons employed in shops or *pedis* and provided with boarding and lodging arrangements by the employer himself, motor drivers, and establishments run by

the members of the same family should be excluded from the operation of the Act. The Committee also suggested that the age limit for being treated as "child" for the purpose of the Act should be 12. The maximum hours of work should be increased to 11 per day or 65 hours per week exclusive of meal-time.

Regarding holidays, the Committee stated that the provision of 4 holidays in a month was fair and any extra obligation on employers in regard to Bank holidays should not be imposed.

Bill to Provide for Punishment for Free or Compulsory Labour.

The Government of Bombay addressed a letter dated 27th January 1938 forwarding a copy of the above Bill to be introduced by Mr. S. V. Parulekar in the Bombay Legislative Assembly. The object of the Bill was to make free or compulsory or forced labour an offence punishable with imprisonment or fine, with certain exceptions. The Bill provided adequate remuneration for labour. Government stated in their letter that they themselves intended to undertake legislation on the subject on the lines of the Bill and invited the views of the Committee thereon.

The Committee replied stating that they were in general agreement with the views of Government on the question. They, however, requested Government to remove certain inconsistencies in the clauses of the Bill.

Interim Report of the Textile Labour Enquiry Committee.

The Committee addressed a representation on the 2nd March 1938 to the Commissioner of Labour, Bombay, giving their views on the interim report of the Textile Labour Enquiry Committee. They pointed out at the outset that the trend of the whole report appeared to make out a favourable case for textile labour in the Presidency and that the Enquiry Committee had based their recommendations for wage increases on hypothetical data such as fall in prices of cotton, prosperity of the mill industry calculated on recent figures only, a belief

that the present favourable conditions would last for some time, the recent increase in price of piecegoods, etc. The Committee stated that while the interests of labour were closely investigated the report practically ignored the considerations affecting the future of the industry. They regretted that the report did not take into consideration the fact that the industry in Bombay Presidency had to compete with other provinces where no such legislation was attempted, let alone the industry in Indian States. It was pointed out that the Wage Bill of the Presidency would increase by 1.10 lakhs as a result of the recommendations, and still more burdens were to be heaped in the shape of holidays with pay, sickness insurance, old age pensions, etc. The Committee stated that while they favoured a just wage for the labour, they feared that the foundations of the source of the wage were being undermined by the recommendations of the Textile Committee. The Committee emphasised that the report would affect adversely the textile industry in the Presidency.

Definition of Wages under the Payment of Wages Act.

The attention of the Committee was drawn to a circular issued by the Chief Inspector of Factories, dated 26th November 1937, wherein it was sought to interpret that bonus given for good work, attendance, etc., was to be paid whether or not the conditions governing the earning of the bonus were complied with. The Committee thereupon addressed the Government of India stating that although in the definition of wages in the Act, a reference was made to bonus, bringing it within the meaning of the term, it was open to question whether such bonus was to be included irrespective of the terms of contract of employment. According to the nature of conditions imposed, such bonus becomes due only when the conditions attached to it are fulfilled. The Committee observed that the interpretation sought to be given by the Chief Inspector of Factories was stretching the meaning of the reference to bonus in the definition to an extent not contemplated by the Legislature. They asked if in the English law no such interpretation of bonus was implied, why should the Indian Act include bonus which was understood to be purely

optional ? It may be that if this interpretation was enforced such contingent payments may be discontinued by the employers, as the object with which such payments are made would not be served. The Committee suggested that an amendment should be made regarding the term "Wages" so as to exclude bonus from the meaning of the term.

Fixation of Pay Days for Small Factories.

It was represented to the Committee that the Government of Bombay proposed to alter the pay period from the calendar month to fourth of one month to the third of the other for factories employing less than 1,000 men, so that the pay period of seven days after the end of such period might fall on the 10th of every month. This change would bring the pay day of the small factories which at present fell on the 7th of every month, to the 10th of every month which was also the pay day for big factories. The change was proposed in connection with the enforcement of Government's policy of prohibition. The Committee therefore addressed the Government of Bombay on 30th July 1938 pointing out that the proposed change would entail difficulties on the part of several factory owners regarding calculations of different sorts as several bills of payment would accrue for the calendar month as such. They stated that the factory owners would find it difficult to get their monthly costs and other figures under the proposed change. The Committee suggested an amendment in the Payment of Wages Act with a view to extending the period for the payment of wages by small factories to 10 days to secure a uniform pay date for all factories, without at the same time involving any inconvenience to factory owners in the matter of keeping their accounts on a uniform monthly basis.

Application of the Factories Act to Smaller Units.

The Government of Bombay by a notification dated 8th November 1937, extended the application of the provisions of the Factories Act, 1934, to smaller units working with or without the aid of power. It was represented to the Committee that the object of the above notification was to apply the law

to smaller manufacturing concerns to which it was not previously applicable, thereby making the working of such small units difficult. Thereupon the Committee addressed the Government of Bombay stating that the small industries affected by their notification were far from prosperous. The extension of the Act to such industries meant additional obligations for the struggling small industries. The Committee pointed out that Government were bound to protect the small industries which required the fostering care of the Government to consolidate their position. As a matter of fact the classes concerned with these units were ignorant of the provisions of the Act, and it was necessary that they should be sufficiently educated to understand the implications of the Act, before it could be profitably applied to them. The Committee urged Government to stay the application of the Act to smaller units until the industries concerned could afford to abide by the Act.

In a reply dated 24th February 1938 the Government pointed out that it was their policy to extend to as large a number of industrial workers as possible the protection and benefits afforded by the existing social legislation and that while desiring to give every encouragement to Indian industries, large and small, Government felt that it would be their duty to ensure humane conditions of life and work to such labour. They added that if the extension of the application of the Act in question had the effect of reducing the earnings of the workers concerned, Government might have to consider the question of taking steps for securing a fair level of wages for the workers.

In this connection the attention of the Committee was drawn to a letter dated 6th September 1937 addressed by the Government of India to all Provincial Governments on the subject of extension of the Factories Act to smaller units, wherein it was intended that the commercial organisations in the Presidency were to be consulted in the matter. The Committee thereupon addressed the Government of Bombay on 15th March 1938 requesting to know why the views of the commercial bodies had not been invited in the matter according to the letter under reference from the Government

of India. The Government of Bombay in their letter dated 24th March 1938 replied that the proposals contained in the said letter suggested a very slight advance on the all-India Factory legislation, and that they had been making extensive use of powers under Section 5 of the Factories Act. The Committee by their letter dated 13th April 1938 urged the Government to circulate among public bodies all such references from the Central Government, and ascertain the views of the bodies concerned.

Proposed Amendments to the International Convention for the Safety of Life at Sea.

The Government of India by their letter dated 4th April 1938 forwarded a copy of an amendment to Articles 26 and 27 of the International Convention for the Safety of Life at Sea, 1929, proposed by the Norwegian Government and invited the views of the Committee thereon.

The Committee in their reply dated 1st June stated that unless a strong case was made out in favour of installation of a Radio Telegraph on cargo ships under 1,600 tons in all waters and unless it had received the support of other countries, it was not desirable to favour the proposed amendments.

Hours of Work on Board Ship and Manning.

The Shipping Master, Bombay, addressed a communication dated 20th December 1937 forwarding a copy of the Draft Convention concerning "Hours of Work on Board Ship and Manning" adopted by the 21st (Maritime) Session of the International Labour Conference held at Geneva 1936 and invited the views of the Committee thereon.

The Committee in their reply dated 1st June referred to Government's letter dated 8th December 1937 addressed to the Principal Officer, Mercantile Marine Department, on the subject and stated that they agreed with the Government of India that it was not desirable to ratify the convention at this stage. The Committee, however, took exception to the view of Government that "Indian Seamen should be given special treatment" even if the International Convention regulated the

hours of work of the seamen of the world especially as the theory as regards the necessity of giving differential treatment to Indian seamen had been given up by all concerned some time ago. If the contention of the Government that Indian seamen were inferior to European seamen with regard to physical strength and level of education was correct, then it was all the more necessary that Indian seamen should be made to work lesser number of hours. The Committee stated that Indian seamen were known for their sobriety and regularity of work and gave equal account of work compared with other seamen. In view of the fact that the labour of Indian seamen was exploited by foreign interests, the Committee suggested that Government should take effective steps towards building an adequate Indian Mercantile Marine where interests of Indian seamen would be better looked after. The Committee stated that as Indian seamen were excluded from the collective agreements made in England under the National Maritime Board an Indian Maritime Board should be established to look after the interests of the Indian seamen.

Sickness Insurance for Indian Seamen.

The Shipping Master, Bombay, in a letter dated 19th July referred to the Draft Convention regarding Sickness Insurance for Seamen adopted by the 21st (Maritime) Session of the International Labour Conference, and informed the Committee that while the Government of India were in full sympathy with the principles underlying the Convention, they were of opinion that such a measure could not be undertaken except as a part of a comprehensive system covering all classes of labourers. He further stated that Government had not ratified the Convention because illiteracy and unemployment prevailing among the seamen would not be conducive to such a scheme, but they were of opinion that the provision of certain amenities through the institution of a small scheme of insurance for limited benefits might be contemplated for Indian seamen at the principal ports like Bombay and Calcutta. The Committee in reply dated 13th October pointed out that they were not consulted by the Government of India after 1935 in connection with the recommendations of the

Labour Commission regarding sickness insurance just as other interests were consulted in the matter. They stated that if the so-called illiteracy of the Indian seamen did not come in their way of going to all parts of the world, it was hardly just to these seamen to state that they would not avail themselves of such a scheme because of their alleged illiteracy. They observed that it was not fair that the benefits of a sickness insurance scheme should be limited to only a part of seamen. The Committee gave it as their view that any scheme of sickness insurance which might be evolved must deal with the seamen as a class. They however stated that as they were not in possession of the full details of the scheme Government might have in their view, they could not offer any useful or constructive suggestion at that stage. They pointed out that although the largest number of Indian seamen were employed by British ships registered in the United Kingdom, and that the British shipowners had to make certain contributions in regard to each of these seamen under the National Health Insurance Act, it was regretted that no such contributions were utilized for the welfare of Indian seamen ; but that the entire sum was devoted to the benefit of British seamen. They urged that the Government should secure these contributions for the benefit of Indian seamen and use them as a nucleus upon which a proper scheme for sickness insurance might be evolved in due course.

IV.—GENERAL—TRADE AND INDUSTRY

Interview with Mr. M. Slade, C.I.E., I.C.S., Secretary to the Government of India, Department of Commerce.

The Committee had an interview with Mr. M. Slade, C.I.E., I.C.S., Secretary to the Government of India, Department of Commerce, on the 17th October when the following items were discussed :—

(1) Diamond trade and " Jangad " business ;
(2) Indian export trade to Iran ;
(3) Indian export trade to Afghanistan ;
(4) Elective Principle and Indian Accountancy Board ; and
(5) Egyptian duties on Indian textiles.

" Jangad " Business in Diamond Trade.

The Committee had addressed a representation to the Government of India in December 1936 in connection with the difficulties arising out of a judgment of the Bombay High Court regarding *Jangad* transactions in diamond trade. The Government of Bombay by their letter dated 31st August 1938 informed the Committee that the Government of India had decided after careful consideration that no case for undertaking legislation regarding *Jangad* had been established. The Committee thereupon addressed the Government of India on 6th October 1938 stating, that they had expected the Government to take up amendment of the Indian Sale of Goods Act, 1930, in view of the discussion they had with the Hon'ble the Commerce Member last year when he gave them an interview. The Committee stated that they were surprised at the reply as conveyed by the Government of Bombay, as they believed that a case had been made out in their last representation on the question to amend the said Act, on lines suggested by them. The Committee referred to the later judgment of the Hon'ble Mr. Justice Kania stating that the said judgment did not lay down the position unequivocally. The Committee stated that the position as it stood at present was dangerous for the diamond trade in particular, and it could only be saved by a

suitable amendment in the Indian Sale of Goods Act. The Committee also addressed the Government of Bombay forwarding a copy of their representation to the Government of India, and requested them to support the same and urged upon them the necessity for an amendment as suggested.

The Committee discussed the matter also with Mr. M. Slade, Secretary to the Government of India, Commerce Department, with whom they had an interview on 17th October 1938. They were then given to understand that certain instructions had been issued to the Police authorities designed to secure relief to the merchants in cases of criminal breach of trust of *Jangad* properties. The Committee therefore in a further letter dated 2nd November pointed out to the Government of Bombay that the instructions to the Police would not be binding on the judiciary and that it was therefore necessary to amend the Sale of Goods Act on the lines suggested by the Committee in their earlier representation. The Government of Bombay in a further reply, dated 11th November informed the Committee that it was not proposed to take any further action in the matter and that the decision not to make any changes in the law was reached after full consideration.

Provisions of the Government of India Act regarding Commercial Discrimination.

The Committee by their letter dated 22nd June requested Sir Rahimtoola M. Chinoy, Kt., to move a resolution at the meeting of the Executive Committee of the Federation of Indian Chambers of Commerce and Industry held in Bombay on 25th June, urging that the clauses relating to commercial safeguards and discrimination in the Government of India Act should be considerably modified and amended to make the Federation constitution acceptable to the commercial community. The resolution emphasised the inherent right of every country to do all that was necessary to promote its trade, commerce and industry and shipping and in the exercise of this right to discriminate wherever necessary in favour of the nationals and national enterprise.

Accordingly a suitable resolution was passed by the Committee of the Federation.

Foreign Establishments in India.

The attention of the Committee was drawn to the prospectus issued by the Imperial Chemical Industries (India), Ltd., for the floatation of Alkali and Chemical Corporation of India, Ltd. The Committee thereupon addressed the Government of India on 7th May 1938, expressing grave concern at the principle involved in regard to the establishment of such non-Indian concerns in India. They pointed out the conditions in the prospectus whereby it was made difficult for ordinary shareholders to acquire interest in the company thereby ensuring and preserving the non-national character of its shareholding. The Committee drew the attention of Government to the provisions of the Government of India Act, 1935, in regard to commercial discrimination which made it impossible for Government to insist on such companies conforming to certain safeguards considered essential by the External Capital Committee in respect of foreign companies establishing themselves in India for the purposes of getting benefits of the policy of protective tariffs of the country.

Erection of Theatres in India by Foreign Film Producing Companies.

It was represented to the Committee that a powerful foreign film producting company had already built two theatres one in Calcutta and the other in Bombay for the purpose of exhibiting their own films as well as of other foreign film producers and thereby had deprived the Indian Exhibitors of their legitimate business. The Committee thereupon addressed the Government of India on 18th July 1938 drawing their attention to the imminent danger to the local Indian exhibitors and the Indian Cinema trade in general if foreigners were allowed a free hand in erecting their own theatres. They stated that if Government did not intervene in the interests of the indigenous film industry it was feared that the local exhibitors as well as the local cinema industry would suffer heavily as a result of severe competition arising therefrom. The Committee invited reference to the report of the Indian Cinematograph Committee 1928 wherein it was recommended that " the Government should arm themselves with legislative

powers to exclude such concerns from operating in this country." The Committee desired to be informed as to what steps the Government wished to take, to avert the danger of foreign intrusion in Indian cinema industry.

Establishment of a Cigarette Factory in Bombay by a British Firm.

On representation received from a member to the effect that a cigarette factory was shortly going to be established in Bombay by a British firm according to a newspaper report, the Committee addressed the Government of India on 29th July 1938 pointing out that it was hopeless to expect small Indian industries to compete against powerful foreign interests established in this country. The Committee stated that although the Government of India Act in its sections with regard to commercial safeguards had considered Indians and British as alike, the practical result of such a consideration was the hustling out of the small Indian industries by powerful foreign interests. The Committee requested Government to issue a statement with regard to their policy regarding safeguarding the small industries of the country against the intrusion of foreign interests under the Government of India Act.

Cigarettes Manufactured in India.

It was represented to the Committee that as cigarettes manufactured in India by big foreign establishments such as the Imperial Tobacco Co. Ltd., and many other such concerns did not indicate their country of origin, "Made in India," they were passed off in the Indian market as goods manufactured in foreign countries, thereby getting an unfair preference over those manufactured by Indian-owned factories. Thereupon the Committee addressed the Government of India on 12th December 1938 pointing out that although such practice of not indicating the country of origin followed by the foreign-owned companies operating in India, might not be an infringement of the provisions of the Indian Merchandise Marks Act, still it was likely to mislead unwary purchasers who would purchase the cigarettes believing that the goods

were manufactured abroad while actually they were manufactured in India. The Committee observed that such practice would lead to the popularity of foreign labels and once the consumers were accustomed to such brands, they would continue to use them even if the factories manufacturing such brands were removed from the country. The Committee urged that in cases where deception was possible owing to the absence of the counter indication of the country of origin, marking of names of companies or manufacturers should always be accompanied by such indication of the country of origin.

Bombay Municipal Act and Assessment of Properties.

The Government of Bombay by their letter dated 22nd April forwarded to the Committee a draft Bill for the amendment of the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888, and invited the views of the Committee thereon.

The object of the Bill was to provide for an appeal to the High Court and to incorporate certain other provisions in the Act with regard to the proceedings relating to the assessment of properties to municipal taxes in the City of Bombay. The Bill also enabled the parties to an assessment appeal before the judge to refer the matters in dispute to arbitration and empowered the Chief Judge to appoint an independent valuer to make valuation of the premises and give evidence on application of any party to an appeal.

The Committee in their reply dated 11th May stated that they were in favour of the proposed Bill.

Amendments to Rules and Regulations of the Native Share and Stock Brokers' Association.

The Government of Bombay invited the views of the Committee on the new rules and regulations of the Native Share and Stock Brokers' Association framed in the light of the conclusions arrived at by Government on the recommendations of the Stock Exchange Enquiry Committee. The Committee examined the Draft, rule by rule, and made detailed suggestions.

The views of the Committee were also invited on a proposal to amend the definition of the term "Ready Delivery Contract." The Committee expressed themselves in favour of continuing the existing definition.

The Committee also expressed their views on certain minor amendments to rules of the Stock Exchange notified from time to time.

Amendments to the By-Laws of the East India Cotton Association, Limited.

The Government of Bombay by their letter dated 11th January 1938 invited the attention of the Committee to the amendments to the by-laws of the East India Cotton Association Ltd. duly passed by the Association and submitted to Government for sanction. The amendments related to the definitions governing the burst bales of Indian and African cotton, rights of buyers electing to buy on account, percentage fixed regarding taking delivery of burst bales, etc.

The Committee in reply stated that they were in general agreement with the said proposed amendments.

Difficulties under the Deccan Agriculturists Relief Act.

The Committee addressed a letter dated 2nd March 1938 to the Government of Bombay wherein they supported the Memorandum submitted to Government by the Bombay Commission Agents' Association regarding certain difficulties experienced under the Deccan Agriculturists Relief Act, and urged Government that the provisions in the present Act regarding the non-jurisdiction of Bombay Law Courts to try cases wherein a debt was incurred by an agriculturist regardless of whether at the time of incurring the liability sued for, he was or was not an agriculturist, should not be incorporated in the new Act contemplated by Government.

Fixation of Standard for Butter and Refrigerated Transport Facilities for Butter.

The Committee addressed the Imperial Council of Agricultural Research on 22nd June 1938 regarding the desirability of securing uniformity in the moisture content of butter. The

Committee pointed out that it was required of the Council to secure co-ordinated action on the part of various Provincial Governments in the matter of uniformity of butter standards. The Committee suggested that having regard to the climatic conditions of the country an All-India standard of 20 per cent moisture content might be considered as practicable for uniformity throughout the country with a view to safeguard the interests of the consumer and of the manufacturer of better varieties of butter.

With regard to the refrigerated transport facilities for butter the Committee addressed on 21st June the G. I. P. and B. B. and C. I. Railways, drawing their attention to the necessity of provision of such facilities over their railways for perishable articles, particularly for butter. The Committee urged that this question should be examined from the larger consideration of public needs and public health and the question of initial cost should not weigh unduly with the railways. The Committee assured the railways that if they made a start by providing the refrigerated transport facilities, adequate traffic in articles needing such facility would be forthcoming.

The Imperial Council of Agricultural Research in their reply dated 15th September stated that although the subject of adulteration of milk and milk products was a matter of provincial concern under the Government of India Act, 1935, however the Standing Dairying Committee of the Council were considering certain rules in this respect and that the said rules would shortly be circulated to Provincial Governments for their guidance. Regarding the fixation of a uniform legal moisture-content of butter in different provinces, they stated that it was proposed to introduce grading in this commodity under the "Agricultural Produce (Grading and Marking) Act of 1937" and a meeting of those concerned would be called to discuss further action. With regard to the question of better railway facilities for the transport of butter, they invited the attention of the Committee to certain Railways transporting ice-cream from Calcutta to various stations on their respective lines in insulated containers at rates based on their ice-cream capacity and providing free return haulage for the empty containers. They stated that extension of such a facility to

rail transport of butter would depend on the acceptance of the above method by the Railway concerned and agreement between the Railways and butter manufacturers in regard to the freight rates to be charged.

Marketing Survey of Cotton in India.

The Indian Central Committee by their letter dated 9th April 1938 forwarded to the Chamber a copy of the proposed scheme for a marketing survey of cotton in India, inviting the views of the Committee thereon. Briefly the survey would cover the production and marketing of cotton from the field to the mill or to a foreign market in the case of exports and would also include a study of the production and distribution of yarn so far as they had a bearing on the marketing of raw cotton with a view to obtaining better returns for the cultivator.

The Committee in their reply dated 11th May 1938 stated that as work on the lines suggested in the scheme was being carried on in the Punjab, it would be desirable for the Indian Central Cotton Committee to await the result of the said experiment before coming to any decision in the matter.

Scheme for Delinting of Cotton Seeds.

The Indian Central Cotton Committee by their letter dated 27th July 1938 forwarded particulars regarding the Delinting Plant in the Punjab, at the request of the Committee of the Chamber. The Committee after due consideration of such particulars, observed in their letter dated 14th September to the Indian Central Cotton Committee, that having regard to the low price obtained for linters, it was necessary to explore the possibilities for the use of linters so as to make delinting an economic proposition. They further observed that the Central Cotton Committee should investigate the possibilities for developing the artificial silk industry and for the use of linters for the manufacture of pulp for that industry whereby delinting of cotton could be made profitable. The Committee desired to be informed as to what steps the Central Cotton Committee proposed to take in the matter.

Stocks of Sugar at the Principal British Indian Ports.

The Director-General of Commercial Intelligence and Statistics by his letter dated 23rd May invited the opinion of the Committee as to whether the figures of stocks of sugar at the principal ports in British India published in the Indian Trade Journal each week were sufficiently useful to the trade to justify their retention in the journal.

The Committee in their reply dated 1st June stated that the Indian sugar industry was now one of the big industries in the country and any available figures relevant to this trade and industry should be useful. The Committee urged that the information at present given in the Indian Trade Journal regarding stocks of sugar should be continued, and that efforts should be made to make the information accurate.

Arbitrary Fixation of Cotton Prices by the Japan Cotton Spinners' Association Disregarding Old Contracts.

The Committee received cablegrams from the Indian Cotton Association of Japan regarding the arbitrary fixation of cotton prices by the Japan Cotton Spinners' Association contravening 1937 contracts. It was complained that cotton exported to Japan in 1937 was to be paid on an arbitrary fixation of prices much below the contracted price, and the balance would be completed when exchange would be available. The Committee thereupon sent telegrams to the Government of India and the Japan Cotton Spinners' Association, strongly deprecating the action of violating the sanctity of contracts in regard to high priced contracts of Indian cotton now outstanding with cotton traders in India. They emphasised that if the present attitude with regard to outstandings was not reconsidered, Indo-Japanese business relations would suffer.

Exchange Banks and Indian Insurance Companies.

The Committee addressed a letter to the Exchange Banks Association, drawing their attention to the difficulties experienced by Indian merchants and Indian Insurance Companies by the reluctance on the part of the Exchange Banks to accept

policies issued by Indian Insurance Companies. The Committee pointed out that at their instance the matter was fully discussed by the Indian Central Banking Enquiry Committee. The Enquiry Committee had suggested that certain standards should be laid down for Indian Insurance Companies to conform for obtaining confidence of the Exchange Banks and that they should publish a list of Indian and non-Indian Companies which conform to those standards, and whose policies should be accepted by all Exchange Banks without limit.

The Committee urged the Association to look into the matter and remove the difficulties that came in the way of Indian Insurance Companies getting their legitimate share of business.

Export of Oil-Cakes and Insurance with Indian Companies.

It was recorded in the report of the Committee for the year 1937, that they had requested the Indian Trade Commissioner in London to take up with the Cattle Food Trade Associations in London and Liverpool the question of inclusion of Indian Insurance Companies for purpose of insurance under the terms of contracts of the said Associations. On 21st January 1938, a reply was received from the Government of India, Department of Commerce, in this regard suggesting that the best method of approach for a solution of this difficulty perhaps lay in a joint representation by all the Indian Companies interested in this class of business to the Associations in question with a view to getting the restriction removed. The Government also added that it would be advantageous to enlist the co-operation of South African and Canadian Companies to join in such an effort as Companies from those countries were also interested in the type of business. The Committee addressed a letter to the Indian Insurance Companies' Association, commending the suggestion for such a joint effort ; but in regard to the suggestion for inviting the co-operation of South African and Canadian Companies, the Committee informed the Government of India that as Companies from those countries were not doing business in India it would not be practicable to secure their association in any such move.

Wark Risk ; Water-borne Agreement.

The attention of the Committee was drawn to a notification issued on 24th January 1938 by the Bombay Underwriters' Association announcing the application of the above agreement for all marine insurance. Under the agreement marine underwriters would limit cover granted under marine policies from the time the insured goods were loaded on board vessel and till the time the same were discharged overside from the vessel or until the expiry of 15 days from the day on which the vessel was anchored at the port of discharge. It was understood that the above change was adopted throughout the world. The Committee addressed a letter to the Government of India on 25th March 1938 referring to the situation created by the above agreement. They pointed out that the exclusion of such risk from insurance cover created a position which might be fraught with serious consequences to trade and commerce and suggested that a scheme of State Insurance for such risks may be introduced if such a scheme was in vogue in any other country.

Insurance Against War and Civil War.

In response to a letter dated 30th March 1938 from the Bombay Fire Insurance Association, the Committee circulated amongst the members information regarding the decision of the Association to adopt alternative clause regarding *Fire damages only* and *Fire and other damages* for insertion in policies issued under the Association's Riot and Civil Commotion Tariff with effect from 31st March 1938.

Difficulties of the Pharmaceutical Industry.

The Committee addressed the Central Board of Revenue on 20th August, pointing out to them the difficulties experienced by the Pharmaceutical Industry by the lack of uniformity in the Excise Rules and Regulations in the various British Indian Provinces and the Indian States. The Committee stated that at their behest the Government had got this matter considered at the 8th Industries Conference, and had further pursued this question in the Excise Conference convened by them in November 1937, results of which were not yet known.

The Committee urged the Government to pursue this matter further with the Provincial Governments and Indian States with a view to codifying all such Rules and Regulations and with a view to bringing into effect such unified rules from as early a date as possible.

The Committee also addressed the Railway Board on 3rd September drawing their attention to the existing railway freights on raw drugs and medicines manufactured in this country, which had reacted adversely on the indigenous pharmaceutical industry. The Committee pointed out that the industry needed to import raw drugs not produced in India, but was greatly hampered by the fact that while the railway freight for imported raw drugs was 8 R.R. that for indigenous raw drugs produced in the country and available for export was only 4 R.R. Again the railway freight for imported medicines was the same as for the medicines manufactured in the country, viz., 8 R.R. The Committee regretted that this was a set back for the Indian industry which had to compete against the highly developed foreign interests. The Committee urged that the following suggestions might be considered by the Government in the interests of the industry:

(1) All raw drugs whether imported or indigenous should be charged to one uniform rate, viz., 2 R.R.

(2) The general freight rate on medicines manufactured in India must be reduced to 2 R.R.

The matter is under correspondence.

Tenders for the Supply of Stationery.

Complaints were received that difficulties were experienced by merchants in Bombay in tendering for the requirements of stationery for the Department of the Controller of Printing and Stationery, Calcutta, mainly because of the high scale of charges fixed for the tender forms and because of the insufficient time allowed between the tender notice and the supply date. The Committee after obtaining necessary particulars in regard to the procedure followed in this matter addressed a letter to the Controller, Central Stationery Office, on 21st November, suggesting that, in order to offer a fair and

full opportunity to merchants and manufacturers all over the country to tender for the requirements of stationery, the charges for the tender forms be reduced and that the minimum period fixed between the date for the issue of tender forms and the date of submission of tenders be one month. The Central Stationery Office by a reply dated 6th December 1938 informed the Committee that the existing arrangements had worked satisfactorily and that in their opinion there was no case for introducing any changes. The Committee in a further communication dated 20th December reiterated their previous suggestions and as an alternative at least desired the reduction of the charges for forms for a supplier who wished to tender for a range of the department's requirements.

Exclusion of Indian Tiles from Tenders of N. W. Railway.

The attention of the Committee was drawn to a tender issued by the N. W. Railway for tiles wherein it was explicitly forbidden to quote " Indian, Japan, or Continental tiles." The Committee thereupon addressed the Railway Board on 14th September stating that the said tender required only British tiles to be quoted and none other. The Committee observed that this was against the spirit of the rules and regulations adopted upto now by Government whether Central or Provincial, regarding the encouragement to Indian indigenous articles. They pointed out that the Stores Purchase rules required that Indian made articles should be purchased sometimes even at a price preference. They urged the Railway Board to take steps to stop the issue of such tenders and issue instructions that purchases should be made of Indian articles wherever these were available.

Government Printing Presses and Private Jobs.

The Committee addressed the Government of Bombay on 18th October regarding their proposal for opening out the Government Printing Press at Bombay and Poona for purposes of receiving work from the outside public, i.e., from mercantile firms and individuals as also from semi-public bodies like the Bombay University and Bombay Municipal Corporation. They

stated that, if Government canvassed for work from all the public bodies for their Presses at Bombay and Poona, it would be setting up a competition of Government with private Agencies. The Committee pointed out that both European and Indian Chambers of Commerce were opposed since the last several years to such a competition. The Committee urged the Government to abandon the idea of opening out Government Presses for private work or work of public institutions, as the proposal would be unfair to private enterprise.

Minimum Scale of Fees for Registered Accountants.

Attention of the Committee was drawn by the Indian Society of Accountants and Auditors to the proposal of the Government to fix a minimum scale of fees for Registered Accountants and Restricted Certified Accountants. The Committee thereupon addressed a letter dated 21st February 1938 to the Government of India stating that so far as they were aware no such suggestion of fixation of minimum fees had been made by the Accountants or the commercial public and that the said proposal would not only not benefit the junior men in the profession, but would react adversely on them, and concentrate the work mostly in the hands of senior practitioners. The Committee stressed that in no other part of the British Empire such a minimum statutory scale of fees was prevalent. The Committee urged Government to drop the proposal in the interests of the profession.

Difficulties of the Bombay Customs' Dalals Association.

On a representation received from the Bombay Customs Dalals' Association, the Committee addressed a communication dated the 14th September to the Collector of Customs, Bombay, pointing out that the recent order issued by the Customs to keep the Cash Department working till 2-30 p.m. only would cause serious inconvenience to the Customs Dalals as well as to the trade and business of the City as failure in payment of customs duty on the last day of the General Landing date before 2-30 p.m. would entail payment of extra fees on goods in the docks. The Committee explained that the lunch time of several officials being 1-30 or 1-0 p.m. the Cash Department

would for all practical purposes be deemed to be closed about that time, and it would not be possible for the Dalals to make payment in proper time. Under the circumstances the Committee urged the authorities to revert to the original closing time of the Cash Department which was 3-30 p.m. The Committee have been informed that the old arrangements as desired would be continued.

Additional Denominations of Weights and Measures.

The Government of Bombay by their letter dated 17th June 1938 forwarded to the Committee draft rules proposed to be framed for the new and additional denominations of weights and measures under the Bombay Weights and Measures Act, 1932, and invited the views of the Committee thereon. The Committee in their reply dated 13th July 1938 stated that they were in general agreement with draft rules subjct to rules 7 (*c*) (*ii*) and 25 (3) regarding which they suggested as follows :—

Rule 7 (*c*) (*ii*).—Provision of a wooden strip in dry measures of the capacity of half-a-maund should be obligatory and not optional.

Rule 25 (3).—All Weights of the Bullion tola series of the denomination of 100 tolas and under should be flat and square and not flat and circular as suggested in the draft rule.

Constitution of an All-India Industrial Council.

The following resolutions were passed by the Committee of the Chamber :—

"This meeting of the Committee of the Indian Merchants' Chamber resolves that the Government of India be requested to set up :—

(1) The All-India Industrial Council, for the purpose of co-ordinating Factory and Labour legislation in different Provinces.

(2) And further resolves to also urge the Provincial Governments to constitute Economic and Industrial Councils for collaboration with other

> Provinces for initiation, establishment and development of Industries, having full regard to the easy availability of raw materials, as also of the markets for the finished products, keeping in view the special objective of establishing, co-operating and complementary industries."

The Committee instructed their representatives in the Legislature to take such action as would give effect to the above resolution. The Committee also requested other representatives of Commerce and Industry to move similar resolutions in the Legislative Assemblies and Councils.

Bombay Economic and Industrial Survey Committee.

The Bombay Economic and Industrial Survey Committee recently appointed by the Government of Bombay addressed the Committee on 12th May 1938 forwarding detailed heads of enquiry and requested the Committee to supply information under the said heads of enquiry.

The Committee submitted their detailed views on 11th August 1938. They analysed the list of goods imported into the Presidency and indicated the steps by which, and the extent to which such goods could be replaced by articles of local manufacture. They also supplied an analysis of industries which had been started, which had progressed, which had ceased to exist and which were still working.

Bombay Presidency Chemists' Memorandum Regarding the Development of Industries in the Presidency.

The Bombay Presidency Chemists addressed the Committee on 18th June 1938 forwarding a memorandum in connection with the development of industries in the Presidency submitted by them to the Government of Bombay, and invited the views of the Committee thereon.

The memorandum chiefly stated that a Provincial Scientific and Industrial Research Council should be created by Government consisting of Industrialists, Technical Experts, Research men, Marketing officers, Economists, etc., and that such a body should take initiative in all matters pertaining to industries and guide the Government in fostering large scale

industries as well as cottage industries. The Committee in their reply dated 19th July 1938 stated that they generally supported the objectives set forth in the memorandum and that they were of opinion that Government should take active steps towards fostering industries in the Presidency.

Bihar and U. P. Joint Power Alcohol Committee.

Bihar and U. P. Joint Power Alcohol Committee invited the views of the Committee of the Chamber on the question of manufacture of power alcohol from molasses and the utilisation of surplus molasses for other bye-products.

The Committee in their reply observed that it would be of great advantage to the country if the by-products of different industries in the country were utilised in the manufacture of other articles. The Committee generally supported the proposal of establishing the power alcohol industry in India. They also suggested that the industry should be established on a co-operative basis of equitable distribution of profits between cane-growers, sugar manufacturers and petrol distributors under the supervision of Government. They stressed that after providing for the interests of cane-growers and the public, the interests of the petrol companies should be taken into consideration. The Committee suggested that surplus molasses should be utilised for cattle-food, manure and manufacture of chemicals such as acetic acid, acetone, etc.

11th Annual Session of the Federation.

The 11th Annual Session of the Federation was held on 1st April 1938. The Committee nominated the following four gentlemen as their delegates to attend the Session :—

Mr. Gordhandas G. Morarji, President.

Hon'ble Mr. Govindlal Shivlal Motilal.

Mr. Manu Subedar, M.L.A.

Hon'ble Sir Rahimtoola M. Chinoy, Kt.

The Committee also nominated the Hon'ble Mr. Govindlal Shivlal Motilal and the Hon'ble Sir Rahimtoola M. Chinoy, Kt., as candidates for election on the Committee of the Federation.

Resolutions for the 11th Annual Session of the Federation of Indian Chambers of Commerce and Industry.

The Committee sent draft resolutions to be included on the Agenda of the 11th Annual Session of the Federation, held at Delhi on 1st April 1938, on the following subjects :—

(1) Ratification of Trade Agreements by the Legislature.

(2) Slump in cotton prices.

(3) Faulty procedure regarding voting on International Labour Conference Conventions.

(4) All-India Industrial Council.

(5) Facilities for technical training for Indian students abroad.

(6) Exchange restrictions in Japan.

Federation of Indian Chambers of Commerce—Amendments to the Constitution.

The Committee had given notice of amendments to certain rules of the Federation of Indian Chambers of Commerce with a view to bestowing the right of vote in respect of election of Office-bearers on all delegates present at the annual meeting of the Federation. These rules came up for consideration at the 11th Annual Meeting of the Federation held at Delhi on the 1st and 2nd April 1938. The annual meeting however decided to refer the matter to the Committee of the Federation for further consideration and report.

In this connection the Federation office by their circular dated 25th April 1938 invited the views of member bodies regarding the amendments in question. The Committee thereupon sent a detailed letter to the Federation on 4th May 1938 pointing out that the proposed amendments were only to restore the status quo anti in the matter. Among other things, the Committee explained that the only occasion when the votes of the delegates played an effective part was in the matter of election of office-bearers. They feared that it would be difficult for Member bodies to send full compliments of delegates unless all the delegates were given full voting rights.

Any falling off in the attendance at the annual meetings would detract from the propaganda value of such gatherings. They particularly stressed the principle of electoral procedure that only a person who enjoyed the right of voting was entitled to stand as a candidate for election. In view of the above considerations, the Committee requested the Executive Committee of the Federation to lend their weighty support to the amendments proposed to the rules in question.

It is understood that the amendments in question will come up for consideration at the 12th Annual Meeting of the Federation to be held in March-April 1939.

Representation of Indian Tea Growers on the International Tea Committee.

The Committee addressed the Government of India on 2nd June supporting the memorandum of the Indian Tea Planters' Association to Government regarding the representation of the Indian Tea growing interests on the International Tea Committee. They also supported the communication of the Federation of Indian Chambers of Commerce and Industry to Government on the subject. The Committee stated that it was the chief function of the International Tea Committee to implement the International Tea Agreement which included the fixation of export quotas for the various interests and therefore the Indian tea growers should be given representation on the said Committee.

The Government of India in their reply dated 8th July 1938 stated that according to the Constitution of the new International Tea Committee there would be five nominees of the Government of India on the said Committee four of whom have to be appointed after consultation with the tea industry in India.

Indian Employers' Delegation to the 24th International Labour Conference.

In response to a letter received from the Federation of Indian Chambers of Commerce and Industry regarding nomination of an adviser to the Indian Employers' Delegate to the

24th International Labour Conference, the Committee recommended the name of Mr. Shantilal Mangaldas of Ahmedabad for the purpose. The Committee had previously suggested the name of Lala Shri Ram for nomination as the Employers' Delegate. The above names were accepted by Government and they attended the Conference held in May/June 1938.

Indian Employers' Delegation to the 25th Session of the International Labour Conference, 1939.

In reply to a letter dated 15th November from the Federation of Indian Chambers of Commerce and Industry on the above subject, the Committee recommended the names of Mr. A. R. Dalal, President, Indian Chamber of Commerce, Calcutta, and Mr. D. G. Mulherkar, Secretary of the Federation for nomination as Employers' Delegate and Adviser respectively for the International Labour Conference.

Indian National Committee of the International Chamber of Commerce.

The 9th Annual Meeting of the Indian National Committee was held on 1st April 1938. Mr. Gordhandas G. Morarji attended the same as the Chamber's delegate.

Imperial Council of Agricultural Research.

As the term of office of Mr. Chunilal B. Mehta, representative of the Federation of Indian Chambers of Commerce and Industry on the Imperial Council of Agricultural Research expired on 23rd May 1938, the Federation invited nominations from member-bodies for electing a representative for a fresh term of three years.

The Committee re-nominated Mr. Chunilal B. Mehta for the purpose.

They were however subsequently informed that Mr. Chunilal B. Mehta, having withdrawn his candidature, Mr. D. P. Khaitan was elected in the vacancy.

Grain and Oil-seeds Conference.

The Agricultural Marketing Adviser to the Government of India informed the Committee that it was proposed to convene a Conference of representatives of Commercial Associations at Delhi in the first week of April 1938 to consider the question of Standard Contracts for Wheat and certain other matters, and invited them to nominate their representative to the said Conference.

The Committee nominated Mr. Ratilal M. Gandhi for the purpose.

Adoption of an All-India Standard Contract for Wheat.

The Agricultural Marketing Officer to the Government of India addressed to the Committee a letter dated 24th January 1938 regarding adoption of an All-India standard contract for wheat, wherein it was stated that out of 15 Associations consulted in the matter, 11 had approved of the terms and conditions as modified after consultation with members of the trade. It was suggested under the circumstances that the said contract should be generally adopted as from 1st April 1938 to apply to all subsequent transactions in the crop of 1938-39.

A statement of the standard tolerances and scale of deductions in wheat contracts as decided at the Third Grain and Oil-seeds Conference was also forwarded to the Committee. The Committee by their letter of 8th June 1938 replied stating that they hoped that the Associations controlling the trade in the commodity were taking the necessary action in the matter.

Election of a Representative of the Federation of Indian Chambers of Commerce and Industry on the Standing Rice Committee of the Imperial Council of Agricultural Research.

In response to a communication received from the Federation of Indian Chambers of Commerce and Industry regarding the above election, the Committee nominated Mr. Mathuradas Canji Matani as a candidate for the said election. They were subsequently informed that Mr. Ashutosh Bhattacharya, President of the Paddy Merchants' Association, Calcutta, had been duly elected.

Wheat Committee of the Imperial Council of Agricultural Research.

As the term of office of Mr. Ratilal M. Gandhi, representative of the Federation of Indian Chambers of Commerce and Industry on the Wheat Committee expired in February 1938, the Federation invited nominations from its member-bodies for electing a representative for a fresh term of two years.

The Committee re-nominated Mr. Ratilal M. Gandhi for the purpose, and he was duly elected.

Advisory Committee of the Royal Institute of Science, Bombay.

Mr. Kapilram H. Vakil, M.Sc., Tech. (Manch.), F.I.C., M.I., Chem. E., F.I.A.S., was elected representative of the Chamber to serve on the Advisory Committee of the Royal Institute of Science, Bombay, for 3 years from 1st January 1938.

Ports in the Bombay Presidency.

It was recorded in the Annual Report of the Chamber for the year 1937 (vide p. 10), that the Government of Bombay had appointed a Committee to enquire into the needs of the Ports in the Presidency. The Committee had asked for a representation on the Enquiry Committee and Government had informed them that it was intended to co-opt representative of the Chamber when the final recommendations of the Committee were discussed. Accordingly in response to an invitation from Government, the Committee nominated Mr. Manu Subedar as their representative for being co-opted on the Ports Enquiry Committee.

Appointment of a Representative on the Bombay Social Hygiene Council.

The Committee nominated Dr. M. Venkatrao as their representative on the Bombay Social Hygiene Council.

Conference to Discuss the Standard Contract Terms for Groundnuts.

The Agricultural Marketing Adviser to the Government of India invited the Committee to nominate a representative to attend an informal conference to be held in Bombay on 12th January 1939 to discuss the question of standard contract terms for hand-picked groundnuts. The Committee nominated Mr. Ratilal M. Gandhi for the purpose.

V.—GENERAL

Commerce and Industries Constituencies of the Bombay Legislative Assembly.

In response to a letter dated 20th January 1938 from the Collector of Bombay forwarding a questionnaire regarding Commerce and Industries constituencies of the Bombay Legislative Assembly and inviting the views of the Chamber thereon, the Committee replied as under :—

The financial and other qualifications of electors under the Government of India Act had been found in practice to be unduly restrictive of the voting rights of the constituency, reducing the number of members on the Chamber's Electoral Roll from 541 to 265. The Committee suggested membership of the Chamber as the sole electoral qualification to be the best method of representation for commerce. The Committee observed that the words "Commerce and Industry" were not exhaustively defined and as a result debarred many eligible persons from exercising their franchise. Again the qualification of payment of income-tax on income "derived from commerce and industry" gave rise to many anomalies as several eligible persons paying the necessary income-tax were not considered as deriving their income from commerce and industry. The Committee stated that there should be no bar to a person being in or being entitled to nominate persons in more than one commerce constituency, as by this restriction certain firms interested in more than one constituency would be confined to one constituency only. The Committee recommended that Association Members of Chambers and Associations forming Commerce and Industry constituencies should be allowed to exercise their franchise. They suggested that the income-tax department should co-operate with constituent bodies in verifying the financial qualifications of electors prescribed under the Act. The Committee in conclusion urged the authorities to revert to the old order whereby membership of the constituent body was the sole electoral qualification in a Commerce Constituency.

Riot Tax and Exemptions.

Under Section 45 of the Bombay City Police Act provision is made for the levy of a tax for payment of compensation to persons in respect of loss or damage caused by riots or civil commotion. The Chief Presidency Magistrate has however been authorised under that Section to exempt any person from liability to pay any portion of such compensation. In the past it was an invariable practice to free title-holders from the obligation to pay this tax. It was recorded in the report of the Committee for the year 1937 that they had represented to the Government of Bombay that the provision for such exemption was invidious and that the same should be done away with. In a letter dated 13th October 1938, the Committee were informed by Government that instructions had been issued to the Chief Presidency Magistrate that in future no exemption should be granted to any person from liability to pay compensation and that the additional tax should be imposed and levied in all the Municipal wards of the City.

Rules under the Arbitration (Protocol and Convention) Act, 1937.

The views of the Committee were invited by the Registrar of the Bombay High Court on the draft rules under Section 10 of the Arbitration (Protocol and Convention) Act, 1937. The Committee after consulting their Law Sub-Committee informed the Registrar of their approval of the rules in question.

Development of Lord Reay Industrial Museum.

The Committee had addressed the Government of Bombay in April last supporting the application made by the authorities of the Lord Reay Industrial Museum for financial assistance for the purpose of developing the museum. On a request from the museum authorities, the Committee again addressed the Government of Bombay, on 3rd December 1938, supporting a memorandum addressed by the museum authorities to the Government and urging them to consider favourably the resolutions passed at the Conference of Museums in India. The Committee particularly suggested that Government should

pass necessary legislation to provide for certain statutory grants to museums from Municipalities and Local Bodies.

Introduction of the System of Badges for all Licensed Dalals and Clearing Agents Working at the Custom House.

The Bombay Customs Dalals' Association informed the Committee that the Collector of Customs, Bombay, had accepted their suggestion of the introduction of the system of issuing badges to Clearing Agents and Dalals and their clerks with a view to stop unauthorised persons getting access to the Customs premises. The Association represented to the Committee in this connection that similar badges might be provided for clerks of mercantile firms also, who got their clearing and forwarding work done privately. Thereupon the Committee addressed the Collector of Customs, Bombay, on 21st October supporting the further suggestion of the Association regarding provision of badges for clerks of mercantile firms.

Introduction of Elective Principle into Appointments to the Indian Accountancy Board.

The Government of India addressed the Committee on 2nd June forwarding a scheme for the introduction of elective principle in the appointments to the Indian Accountancy Board and invited the views of the Committee thereon. The Committee in their reply dated 12th August stated that the scheme gave undue importance to the so-called class of Approved Accountants who as a class were not provided for by the Companies Amendment Act of 1930, but were afterwards provided for by the Rules and Regulations drafted under the Act. There were 67 British qualified practising public Accountants (approved) against 58 Indian qualified Accountants in the whole of India. This meant that out of 649 registered Accountants only 125 were allowed the privilege of standing for election to the Board. The Committee stated that this limitation was extremely invidious, unfair and unjust and would result in the monopoly for election being given to non-Indian Accountants. The Committee protested against any reservation of seats for any particular community. The Committee strongly objected to the right of Government to

nominate 4 representatives for business. They suggested that the Federation of Indian Chambers of Commerce and Industry should be allowed to elect the 4 business representatives. The Committee urged that the scheme was entirely unsatisfactory and should be dropped and be substituted by a new one providing for elective principle on right lines.

Amendments Proposed to Rule 39 of the Auditors' Certificates Rules.

The Committee addressed the Government of India on 19th October in connection with the Government Notification dated 24th September regarding draft amendment of Rule 39 of the Auditors' Certificates Rules 1932. They stated that they were opposed to the amendment proposed to Rule 39 (*e*). They observed that if by the amendment it was intended to give power to Government to review the list of Approved Accountants periodically by asking for details of practice, etc., such a procedure in the opinion of the Committee was highly objectionable. They stated that the proposed right of removing persons from the list on the ground that they were no longer in a position to train articled clerks was bound to cause further dissatisfaction. They therefore advised Government that the change proposed to Rule 39 (*e*) should not be adopted.

Emigration Laws in Kenya.

It was represented to the Committee that the Immigration laws in force in Kenya required Indians entering that Colony for the first time to deposit a sum of 200 shillings before being given permission by the Immigration authorities to land at Mombasa. It was also represented that the Emigration authorities in India asked some of the Indians emigrating to Kenya to deposit a sum of Rs. 100 under the Government of India Emigration Act. The Committee thereupon addressed the Government of India on 20th April 1938 stating that the double burden imposed upon the Indians would prevent the poor classes of Indians from going out to Kenya. The Committee urged Government to put a stop to this double payment of deposits by Indian emigrants to that Colony.

The Government in their reply dated 3rd April stated that the deposit of 200 shillings required by the Kenya Immigrant authorities applied only to persons who appeared to be prohibited immigrants, who could not offer proof of employment or the ability to support themselves. If such proof was obtained within six months of the date of landing, the deposit was refunded. With regard to the Emigration authorities in India requiring a deposit, the Government explained that such deposit was required only from the employers or agents assisting persons to emigrate for skilled labour. The deposit was refunded after the emigrants' agreement had expired or after he returned to India.

Right of Domicile for Indians in Fiji Islands.

The President of the Indian Domicile Committee, Fiji Islands, addressed on 14th February 1938 the Committee regarding the grievances of Indians in Fiji. Principal difficulty complained of related to certain restrictions placed on the right of domicile for Indians in that Colony, and issue of Fiji passports to Indians under certain terms and conditions. The Committee thereupon addressed on 20th April 1938 the Government of India detailing the disabilities of the Indians in Fiji Island, and suggesting to the Government to appoint a Commission of Enquiry to investigate into the Indian grievances and any discriminatory treatment meted out to Indian Nationals in that country.

Legal Costs and Limit for Engagement of Two Counsel.

It was recorded in the Report of the Committee for the year ending 31st December 1937, that in view of frequent complaints about the delays in the process of securing legal redress and the charges for the same, the Committee had submitted a representation to the Hon. the Chief Justice and the Judges of the Bombay High Court recommending that the limit for engagement of two Counsel in the Bombay High Court be increased from Rs. 10,000 to Rs. 25,000. They had also approached the Government of Bombay, with a suggestion that the jurisdiction of the Small Causes Court be extended to suits upto Rs. 5,000 in value. The Prothonotary to the

High Court in his reply dated 29th March 1938 stated that the rule as to engagement of two Counsel was made by the Bar Association and their Lordships were not in a position to deal with the matter indirectly by taxation rules. He added that the limit was raised from Rs. 5,000 to Rs. 10,000 about five years ago and that nothing had happened since then to consider a further increase in this limit. He further pointed out that the percentage of suits involving claims of the value of over Rs. 10,000 was about 6 per cent only and if in case only one Counsel was briefed, a much higher fee might probably be demanded as then there would not be the other Counsel to help in the preparation of the case and besides the Counsel briefed might have to keep himself free to attend the case when called up. The Committee in their reply dated 9th May 1938 stated that they would not at present press for re-consideration of the decision of their Lordships in the matter; but they however submitted that the object they had in view could also be attained if it was provided that Counsel practising in the High Court were required to confine themselves to particular courts.

The Prothonotary in his reply dated 12th August stated that the suggestion of the Committee that Counsel should be required to confine themselves to particular courts would not only mean a restriction on the right of the Counsel to practise in any court, but it would also act as a restriction on the liberty of a litigant to obtain the services of a Counsel of his own choice. He added that the matter was one for the Bar Association, and there was nothing in the present rules of the Association to prevent any Counsel from confining himself to a particular Court.

Bombay Legal Practitioners Bill.

The Bombay Incorporated Law Society invited the opinion of the Committee on the draft Bill to restrain unqualified persons from acting as qualified lawyers, prepared by the Society. The object of the Bill was to prohibit unauthorised and unskilled persons to conduct suits and other legal proceedings, and prepare legal documents. The Committee replied stating that they were in general agreement

with the provisions of the Bill. They, however, suggested that the application of such a measure should be restricted to Bombay City alone and any extension thereof to other parts should be made only with the approval of the Legislature.

Bill to Provide for the Release on Probation of Offenders.

The Committee considered the above Bill introduced by the Bombay Government in the Provincial Legislature. It provided for the release of first offenders under certain circumstances and conditions and the release of certain types of convicted offenders on probation of good conduct under certain circumstances. As the measure was a step in the direction of humanising punishments, the Committee accorded their approval to the same.

While expressing their views on the question, they also entered an objection on the omission in some of the recent Bills of Statement of Objects and Reasons. They urged the continuation of the practice and also requested that in regard to new legislative measures Government should afford adequate time to public bodies for communicating their views.

Rent Enquiry Committee.

In reply to the questionnaire issued on 16th June 1938 by the Rent Enquiry Committee appointed by the Government of Bombay, the Committee of the Chamber submitted a Memorandum on 9th August giving their views as under :—

The tendency of rents both in the City and suburbs with regard to working and middle-class dwellings was to go down since 1929. It was difficult to lay down any general average percentage of fall in the rents of working and middle-class dwellings as various factors contributed towards confining these two classes in their respective areas such as proximity to places of work, places of worship, easy availability of daily necessaries, etc. With regard to middle-class dwellings they stated that on account of increased building activity people were shifting to new quarters providing better amenities and there was an appreciable fall in rents both for blocks and for one and two room tenements. This was evident in localities like some parts of Girgaum, Gamdevi, or further up in the

suburbs like Dadar and Matunga. The Committee maintained that if the fall in rents was not appreciable in such cases it was due to the preference of the residents of middle-class localities in the heart of the city to be near to their places of business, worship, markets, etc. There was justification for Rent Restriction Act in war time, but the present position did not admit of any such Act, as would be seen from the small percentage of 4 to 5 per cent of net return on capital, with which the landlords were satisfied. This was due to fall in the rate of interest of both Government securities, commercial scrips and the element of speculation in industrial scrips, while investment in property was considered safe and sound though yielding small return. The Committee emphasised that no legislation for restricting and regulating rents was necessary at this time, as otherwise the building activity would suffer a serious set back and not only the landlord but the working and middle-classes would also suffer for whom evidently these efforts were made. The Committee pointed out that the property market was one of the barometers of a city like Bombay, and anything affecting this market would affect the whole city and its business and industries. They warned the Rent Enquiry Committee and the Government not to interfere with the economic laws regarding rent, as the problem was hedged in by many complicated factors which could not be ignored in any enquiry of this nature. As for instance, any legislation to reduce rents would adversely affect rates and taxes of the Bombay Municipality, and hamper the social work which the Municipality was required to carry on. Income-tax revenue would surely be reduced as a result of such legislation. The Committee quoted figures showing that the aggregate rateable value of house property had already decreased owing to prevailing depression, and this would cause a serious crisis in municipal finances. Public charitable trusts which had adjusted their activities on the basis of present income would have to curtail their beneficent activities. The Committee believed that the increased housing accommodation as a result of the present building activity would lower the present level of rents. The work of providing additional accommodation should be left to private enterprise. For

working classes the work might be undertaken by Government or the Municipality or the owners of factories themselves. The Committee suggested that rents should be fixed according to one calendar, preferably English calendar, and this should be enforced by legislation. They urged that there was no need for any statutory regulation of rents and that the rates of rents should be allowed to be adjusted by factors of supply and demand.

Indianisation of Services in the Imperial Bank of India.

The attention of the Committee was drawn to the speech of the Chairman of the Imperial Bank of India at the 17th Annual General Meeting of the shareholders held in Bombay wherein mention was made of the appointment of three Europeans on the staff of the Bank. Thereupon the Committee addressed on 11th March 1938 the Imperial Bank of India, Bombay, requesting to know whether the policy of Indianisation of the staff of the Bank had undergone any change recently. The Committee requested to be furnished with figures of recruitment of Indians and non-Indians during the last 10 years, as also to be supplied with a statement showing the personnel of the staff, both Indian and non-Indian, and positions held and salaries received by them. The Imperial Bank of India in their letter dated 11th April 1938 replied stating that there had been no recent change in the policy of the Bank regarding the recruitment of officers. They stated that it was the policy of the Central Board to maintain an efficient staff in all grades of services irrespective of nationality and with due regard to establishment costs. They added that the number of Indian and European officers appointed during the last 10 years was 14 and 14 respectively.

The Bank in their reply dated 11th April stated that there had been no recent change in the policy of the Bank regarding recruitment of officers. The Committee in their reply dated 12th May observed that it was scandalous that after so many years of the existence of the Bank only 25 Indian officers should have been on the cadre of the Bank out of a total of 202." The Committee took special objection to the statement made in the last letter of the Bank that the Central Board of

the Bank would continue to maintain as efficient a staff as possible in grades of service "irrespective of nationality and with due regard to establishment costs."

The Committee again addressed the Bank on 17th June 1938 emphasising that the Bank was constituted under a special Act and therefore the responsibilities of the Bank regarding Indianisation were greater. They made it clear that the Bank had failed to carry out the special conditions on which the Indian Central Banking Enquiry Committee had recommended them to be the Agents of the Reserve Bank of India. They stated that they were grieved to learn that the Central Board had passed a resolution that recruitment should now be on fifty-fifty basis as between Indians and non-Indians, and that if this was true the Bank was guilty of serious betrayal of trust. The Bank in their reply dated 11th July 1938 reiterated that there had been no recent change in their policy with regard to the recruitment of officers and stated that while in January 1926 the proportion of Europeans and Indians on the Bank's Supervising staff was 61% to 39%, the same by the beginning of the current year was 35% to 65%. The Committee replied on 3rd August 1938 stating that the facts and figures did not substantiate the Bank's assurance that their policy regarding Indianisation had not undergone any change. The Committee enquired whether the Supervising staff meant clerical or officers staff and whether 342 Indians belonged to the officers staff as stated in their letter under reply. The Committee requested the Bank to furnish a statement giving all details for the last 15 years of recruitment of Indian and non-Indian apprentices, their promotions by different grades, their salaries, the terms and conditions of their salaries, the terms and conditions of their services, etc.

The matter is still under correspondence.

Facilities for Technical Training to Indian Students Abroad.

The Chamber had represented to the Government of India as far back as in 1935 to give effective consideration to the problem of providing facilities for technical training to Indian students abroad. In 1936 the Chamber's representative in the

Legislative Assembly (Central) had got his resolution regarding the said facilities ballotted, but the same could not be reached for want of time. In 1937, another attempt was made in this direction, but the same was frustrated owing to limited days allotted to non-official resolutions. The Committee had again instructed their representative in the Central Assembly to move the following resolution :—

> "This Assembly recommends to the Governor-General-in Council that the Government of India, all the Governments and semi-Government bodies and Departments and Corporations be requested to have inserted, in all their contracts and agreements for the supply of stores, materials, machinery or services, a clause to the effect that the said suppliers shall afford every facility to Indian apprentices for practical training in factories, workshops or offices owned, managed or controlled by such non-Indian suppliers of stores, materials, machinery or services, so as to enable such Indian students to acquire full knowledge of the technique and work of their trade, industry, calling and profession."

The Committee also decided, in this connection, to request some other members of the Indian Legislative Assembly also to give notice of the said resolution.

Facilities to Indian Apprentices for Practical Training in Factories and Workshops.

The Government of Bombay by their letter dated 1st April 1938 forwarded a copy of the Resolution passed by the Bombay Legislative Assembly regarding facilities to Indian apprentices for practical training in factories, workshops or offices owned, managed, controlled or patronised by manufacturers and suppliers for the supply of stores to Government, Municipalities, etc., and invited the views of the Committee thereon.

The Committee replied by their letter dated 14th April 1938 stating that they were in favour of implementing the said Resolution.

Inclusion of Particulars of Employment at the Time of Collecting Next Census Information.

The Committee addressed the Government of India on 3rd September drawing their attention to the desirability of recording particulars of unemployment in the country at the time of collecting next census information. They stated that such a record would supply reliable statistics regarding unemployment both of the educated and otherwise, urgency for which was long since felt. They suggested that particulars in regard to occupation might be collected under suitable headings showing clearly the figures of unemployment, educated, middle-class or labour class separately.

Bombay University and Employment Bureau.

It would appear that due to certain statutory limitations on its powers the Bombay University had experienced difficulty in carrying out a proposal for instituting an Employment Bureau. A suggestion was made to the Committee that they should move in the direction of making such a proposal *intra vires* the University Act by securing the necessary amendment of the Act. The Committee decided to request their representative on the Senate of the University to take the necessary steps in the Senate with a view to remove any such difficulties.

The Committee had addressed their representative on the Senate of the Bombay University on 22nd March 1938 requesting him to take such steps in the Senate as would be possible with a view to remove any statutory limitation that might have been imposed in the past in connection with instituting an Employment Bureau. The representative replied on 27th April 1938 stating that he had been informed that at the meeting of the Senate held in January 1934 the report of the Senate Committee on the subject of unemployment among University Graduates had been discussed, but that the report had not been adopted because the same did not fall within the scope of the provisions of the University Act. He was also informed that the University had been conducting such a Bureau for some years prior to 1930, but that the experiment had to be given up, as it would not yield the expected results.

The Committee thereupon addressed the representative on 5th May 1938 requesting him to move in the Senate a resolution for an amendment of the University Act empowering the Senate to institute an Employment Bureau.

Government Recruitment and Unemployment.

The Government of Bombay addressed the Committee a letter dated 21st February 1938 forwarding a copy of a communication from the Government of India to the Provincial Governments on the question of Government recruitment and unemployment and invited their views regarding the following questions :—

(1) Is it desirable to have a competitive test, at a comparatively early age, success in which would be a necessary but not sufficient condition for entrance into Government service ?

(2) Should there be any system for restricting entrance for the test, etc. ?

The Committee replied by their letter dated 13th April 1938 stating that the present reference ignored the problem of unemployment as a whole, and restricted itself to only an aspect of the same.

If the scheme as adumbrated by Government was brought into operation by instituting a Government test examination restricting the age-limit of the candidates appearing for the test, there was a large class of educated unemployed beyond the age-limit, whose chances for future employment would be seriously jeopardised. The Committee feared that the setting up of an age-limit at this stage was not a practical proposition. The proposed competitive test would inflict the burden of a fresh examination on a large body of qualified men. They were of opinion that the question of such competitive tests and the fixation of age-limit should be taken up only after a general improvement in the employment situation in the country.

Faculty in Textile Technology.

A suggestion was made to the Committee that they should move the Bombay University authorities for instituting a

Faculty in Textile Technology, known as B.Sc. (Tech.) and that for the purpose the Textile Department of the Victoria Jubilee Technical Institute be affiliated to the University.

Before deciding on the question, the Committee decided to obtain the views of the Board of Trustees of the V. J. T. Institute, and accordingly are in communication with them in the matter.

Appointment of a Non-Indian as Deputy Chief Engineer to the Karachi Port Trust.

The Committee sent a telegram to the Government of India on 27th July 1938 protesting against the appointment of a non-Indian as Deputy Chief Engineer to Karachi Port Trust inspite of suitable Indians available for the post. The Committee requested the Government to withhold their sanction to the said appointment and to refer the matter back to the Karachi Port Trust for reconsideration.

Appointment of a non-Indian as Superintendent of Insurance.

The Committee by their telegram dated 17th May to the Government of India strongly protested against the action of Government in appointing a non-Indian to the post of Superintendent of Insurance stating that a national of the country should have been appointed to the post having regard to the fact that the duties and responsibilities attached to such a position had direct bearing on the progress of Indian insurance. They pointed out that it was feared that the policy of Indianisation was not being earnestly followed.

Retired Civil Servants and Private Appointments.

The Committee by their telegram dated 23rd May to the Government of India expressed their opposition in principle to retired Civil Servants taking up private appointments in the Presidencies in which they had held high offices and stated that Sir Robert Bell, against whom they had nothing personally to urge, should not be permitted by the Government to take up the Chairmanship of the Bombay Fire Insurance Association.

Spanish Relief Fund.

In response to an appeal from the Spanish Relief Committee for funds to render relief to the Spanish nationals in their present plight, the Committee of the Chamber requested the members to contribute liberally to the Spanish Relief Fund.

Bombay Disturbances Enquiry Committee.

The Government of Bombay by their letter dated 19th November forwarded a copy of the questionnaire issued by the Bombay Disturbances Enquiry Committee and invited the Committee of the Chamber to submit their replies to the said questionnaire. The Committee in their reply dated the 7th December stated that as they had no first-hand knowledge of the happenings on the 7th November when the disturbances occurred in the city, they were unable to reply to the various questions contained in the questionnaire.

Lalji Naraňji Memorial Building for the Indian Merchants' Chamber.

It was recorded in the report of the Committee for the year 1937, that due to the kind efforts of the Lalji Naranji Memorial Committee, the Indian Merchants' Chamber was to have a building for its requirements. The *Khat Moorut* ceremony of the building was performed by Mr. Gordhandas G. Morarji, President of the Chamber on 26th March 1938. The building operations are progressing satisfactorily and it is expected that the building will be ready for occupation sometime early next year. According to the original programme the building was designed to consist of a ground and two floors. Latterly, however, the Memorial Committee in consultation with the Committee of the Chamber decided to add a third floor also. The estimated total cost is about Rs. 2,30,000|-. The resources available with the Memorial Committee fall short of the full requirement by about Rs. 50,000|- ; it is proposed to raise this amount by way of a loan.

A reference was made in the last report that under the arrangement between the Chamber and the Lalji Naranji Memorial Committee, the building, when completed, would

be held in trust for the use of the Chamber by Trustees appointed for the purpose. Details of the arrangement have been settled between the Lalji Naranji Memorial Committee and the Committee of the Chamber. There will be five Building Trustees of whom Sheth Chatrabhuj Gordhandas, as the principle donor, will be a Trustee for life and four other Trustees will be appointed by the Committee of the Chamber. In accordance with the above arrangements the Committee have appointed the following four gentlemen as Building Trustees, representing the Chamber :—

Sheth Gordhandas Goculdas Morarji.

Mr. Jivanlal Chimanlal Setalvad.

Sheth Mathuradas Vissonji.

Mr. Maganlal C. Ghia.

Trustees of the Chamber.

It will be remembered that at the last Annual General Meeting of the Chamber certain amendments to the Rules and Regulations were adopted, providing *inter alia* for the appointment of five Trustees of the Chamber, in whom the properties and funds belonging to the Chamber would be vested. Pursuant to this new rule, the following gentlemen were appointed Trustees of the Chamber :—

1. Mr. Gordhandas Goculdas Morarji.
2. „ Jivanlal Chimanlal Setalvad.
3. „ Maganlal C. Ghia.
4. „ Jal Ardeshir Dadabhoy Naoroji.
5. Sheth Chatrabhuj Gordhandas Soonderdas.

Later in the year, Mr. Behram N. Karanjia was appointed a Trustee in the vacancy caused by the death of Mr. J. A. D. Naoroji.

Commercial Examinations.

The Commercial Examination Board of the Chamber held a function on 12th October 1938 when the President distributed the Diplomas and Certificates to the successful candidates of the Chamber's Commercial Examinations. The Board

also awarded a prize to the candidate securing the highest number of marks in one of the Diploma groups. It is to be noted that it was for the first time since the examinations were started that such a function for distribution of Diplomas and Certificates was arranged by the Board. 421 candidates appeared in the examination held in May 1938 out of whom 102 and 75 were successful in Diploma groups and Certificates respectively. The examinations this year were held in the following centres :—

Bombay.	Surat.
Trichinopoly.	Madras.
Poona.	Coimbatore.
Karachi.	Mangalore.
Bangalore.	Indore.
Palghat.	Lahore.
Ahmedabad.	Mysore.
Trivandrum.	

The Board by their communication dated the 25th November 1938 approached the Government of Bombay for recognition of these examinations for the purpose of entry into Government service by those taking Diplomas and Certificates.

Obituary.

The Committee passed resolutions placing on record their sense of loss by the sad deaths during the year of Mrs. Swaruprani Nehru, Sir Nowroji Saklatwala, Sir Phiroze Sethna and Maulana Shaukat Ali.

Membership of the Chamber.

At the beginning of the year there were on the Register 541 members. During the year 39 members were elected and 26 discontinued their membership (19 having resigned, 3 having been struck off from the rolls for arrears of subscription and 4 having died). There are thus 554 members now on the roll.

Accounts.

The statement of accounts of the Chamber for the year ended 31st December 1938 with the auditors report is annexed hereto. It will be observed that a sum of Rs. 3,857-6-0 has been received as contributions from the representatives of the Chamber on various public bodies. The best thanks of the Committee are due to the gentlemen who have made these contributions.

THE INDIAN MERCHANTS' CHAMBER

Dr. *Receipts and Payments Account from 1st January 1938 to 31st December 1938* **Cr.**

RECEIPTS		Rs.	a.	p.
To Balance brought forward as per last year's a/c.		96,929	2	1
„ CAPITAL FUND ACCOUNT: Rs.				
39 New Members @ Rs. 50/- each 1,950/-				
2 New Members @ Rs. 50/- received in advance 100/-				
		2,050	0	0
„ MEMBERSHIP SUBSCRIPTION:	Rs.			
374 Resident Members @ Rs. 75/- each	28,050/-			
86 Limited Companies @ Rs. 100/- „	8,600/-			
64 Mofussil Members @ Rs. 25/- „	1,600/-			
30 Assocn. Members @ Rs. 125/- „	3,750/-			
Outstanding realised	4,825/-			
Subscription received from three members (1 dissolved and 2 deceased) @ Rs. 75/- each	225/-			
	47,050/-			
Less: Rs.				
Subscription outstanding 3,100/-				
Bad Debts (8 Members) 525/-				
	3,625/-			
	43,425/-			
Add Subscription received from 2 Resident Members @ Rs. 75/- and 1 Mofussil Member @ Rs. 25/- in advance	175/-			
		43,600	0	0
„ Contribution from Chamber's representatives on various public bodies		3,857	6	0
„ Fees for Commercial Examinations		4,655	12	0
„ Interest on Investments & Current Accounts ..		3,037	7	3
„ Advertisements in Journal		2,494	2	4
„ Fees for Certificates of Origin, etc.		2,525	0	0
„ Subscriptions to Journal		100	0	0
„ Sale of Members' Lists, etc.		120	0	0
„ Syllabus & Question Papers ..		97	12	3
„ Sundry Receipts		54	12	0
„ Sale proceeds of S. S. I. Brochures ..		19	3	6

PAYMENTS		Rs.	a.	p.
By Establishment charges		27,875	15	7
„ Rent, Insurance & Electric Charges		3,806	5	0
„ Telephone rent		570	0	0
„ Postage & Telegrams		2,099	4	3
„ Printing Reports, etc.		2,955	14	0
„ „ Journal		3,700	15	6
„ Stationery		1,437	12	0
„ Commercial Examinations, including honorarium to Examiners, printing, etc.		2,638	12	0
„ Subscriptions to Newspapers & Periodicals ..		545	0	3
„ Books for Library		640	2	9
„ Miscellaneous Expenses		302	11	6
„ Upkeep of Library, including binding charges, etc.		68	8	0
„ Carriage Hire		227	7	0
„ Chairs Hire		67	4	0
„ Commission on Advertisements in Journal ..		408	10	9
„ Auditors' Honorarium for 1937		100	0	0
„ Repairs to Typewriters, etc.		171	12	0
„ Membership subscription to Federation of Indian Chambers of Commerce & Industry ..		150	0	0
„ Membership subscription to Indian National Committee, International Chamber of Commerce		33	0	0
„ Contribution to Indian Chamber of Commerce in Great Britain		28	12	0
„ Deposit with Central Publication Branch, Delhi		25	13	6
„ Furniture & Fittings		34	0	0
„ Bank Commission		11	9	0
„ Travelling Expenses		457	8	0
„ Office Appliances (Dies)		60	0	0
„ Loans to Office Peons & Clerk (recoverable) ..		165	0	0
„ S.S.I. Series publication		2,197	2	6
„ Legal Charges		311	0	0
„ Souvenir Account		5	0	0
„ Refund of Survey Fee as per last year's A/c.	300/-			
„ „ Central Assembly by-election Deposit as per last year's A/c. ..	500/-			
		800	0	0

„ Deposit with Central Publication Branch, Delhi, as per last year's a/c.			20	10	0	„ Safe Custody Charges (Central Bank)			25 0 0
„ Survey Fee Surplus			15	0	0				51,920 3 7
„ Loan recovered from Clerk & Peons as per last year's Account			200	0	0	BY BALANCE :—			
„ Donations for publication of S.S.I. Brochures			1,250	0	0	CAPITAL FUND :	Rs.	a. p.	
						5% Govt. Loan (1945-55) of Rs. 5000/- at cost	5,425	0 0	
						5% Municipal Loan (1959) of Rs. 10,000/- at cost	8,862	8 0	
						3½% Govt. Loan (1947-1950) of Rs. 29,000/- at cost	30,848	12 0	
						In Current Account with the Central Bank of India, Ltd.	4,612	8 0	
									49,748 12 0
						„ OTHER INVESTMENTS :			
						4% Port Trust Bonds (1969) of Rs. 2,000/- at cost	2,025	0 0	
						2¾% Govt. Loan (1948-52) of Rs. 20,000/- at cost	20,025	0 0	
						3½% Govt. Loan (1947-1950) of Rs. 9,000/- at cost	9,573	12 0	
									31,623 12 0
						„ CASH :			
						In Current Account with the Central Bank of India, Ltd.	17,264	8 7	
						„ Bank of India, Ltd.	10,076	13 11	
						On hand (including Cheques)	392	1 4	27,733 7 10
									1,09,105 15 10
Total Rs.			1,61,026	3	5	Total Rs.			1,61,026 3 5

J. K. MEHTA, *Secretary.* GORDHANDAS G. MORARJI, *President.*

We have examined the above account of Receipts and Payments with books and vouchers of the Indian Merchants' Chamber and certify that the same is correct.

Bombay, 3rd January 1939. DEVIDAS VITHALDAS & CO., *Accountants & Auditors.*

APPENDICES

I.—TRANSPORT AND COMMUNICATIONS

APPENDIX 1

Bill to Control the Coastal Traffic of India (Prevention of Rate-Wars) (See page 121, Annual Report for 1937)

Letter No. 2337/34 dated 14th May 1938 from the Chief Secretary to the Government of Bombay to Chamber.

I am directed to forward herewith a copy of Government Resolution No. 2337/34, dated the 14th May 1938 (not printed) regarding a Bill to control the Coastal Traffic of India, and to request that you will be so good as to communicate to Government by the 13th June 1938, at the latest any observations which your Chamber may desire to make in respect thereof.

Letter No. 1637 dated Ist June 1938 from Chamber to the Government of Bombay.

I am directed by my Committee to refer to your letter No. 2337/34-B dated 14th May 1938 on the subject of the Bill to Control the Coastal Traffic of India, as reported by the Select Committee of the Legislative Assembly, and as desired to send to you hereby their views on the same.

While my Committee consider that the Bill as it has emerged from the Select Committe is an improvement on the Bill as it was originally introduced in the Assembly by Sir Abdul Halim Ghuznavi, they are definitely of the opinion that as stated by many members of the Select Committee it will not, as it stands, fulfil the object that it has in view, namely, the development of Indian mercantile marine.

The coastal trade of India is open to all flags at present and the only effective way, therefore, to build up an Indian mercantile marine is, as recommended by the Indian Mercantile Marine Committee, " the eventual reservation of the Indian coastal trade for ships, the ownership and the controlling

interests of which are predominantly Indian." This could only be done by reserving the coastal trade of India to ships owned, controlled and managed by the nationals of the country. The Bill, however, does not want any discrimination between British and Indian shipping as declared in the statement of Objects and Reasons. My Committee are unable to agree to such a position. They hold it is the inherent right of the country to reserve its coastal traffic to ships owned, controlled and managed by the nationals of the country. Such reservation is in force in almost all the important countries of the world and this country must not be prevented from exercising that right without which the development of Indian mercantile marine will always remain a dream. While my Committee are aware that under the existing provisions of the present Government of India Act, there can be no discrimination between British and Indian shipping they are of the opinion that these safeguards against discrimination are not in the interests of India and that India has the right to discriminate against non-national interests whenever and wherever the interests of India require it. They, therefore, cannot endorse the statement that there should be no discrimination between British and Indian shipping, and maintain that, particularly in view of the manner in which British shipping has crushed Indian shipping ventures in the past, India should have the same power to discriminate in favour of its national ships, as is possessed by the self-governing dominions under the Statute of Westminster to discriminate in favour of its national ships and to enact such merchant shipping legislation as it likes and to regulate its coasting trade in such a manner as it pleases, so that the interests of national shipping may be safeguarded, with a view to build up an Indian merchant navy as universally demanded throughout India for years past.

As stated above, the Bill, as it stands, will not achieve the object, namely, the development of an Indian merchant navy, which all have in view, and my Committee share the view expressed by Mr. Bhulabhai Desai that "the improvements effected by the Select Committee do not go far enough to achieve the objects of either reserving coastal shipping to Indian enterprise or eliminating objectionable practices" and,

therefore, strongly endorse the suggestion made by him that in view of the great national importance of the shipping industry "the Government should take the initiative in bringing forward a measure which should encourage and protect Indian enterprise."

My Committee further regret to observe that while every maritime Government of the world including that of the Government of Great Britain, has been taking every possible step, including substantial financial help to maintain the supremacy of its national shipping both in its domestic and international maritime trade, not only have the Government of India opposed every private measure brought forward in the Legislatures with the object of helping Indian shipping even for the bare existence of the existing Indian shipping—leave aside the question of its development and growth—but they have done nothing to carry out their promises and assurances repeated on several occasions to the effect that Indian shipping secures a substantial portion of the coastal and the overseas trade of India.

As regards the changes made in the Bill, my Committee welcome the new definition of "costal traffic" since the expression "coastal trade" has always meant trade on the coasts of India, Burma and Ceylon.

They further recognise the necessity of the registration clause and are in general agreement with the conditions required of the applicant for registration, as laid down in Clause 4. They are, however, opposed to the imposition of such heavy burdens as the possessing of a sum of one lakh of rupees as working capital and the depositing of ten thousand rupees with the Central Government as security before registration, on sailing ships of any tonnage whatsoever, as they feel that to demand such a heavy sum from them would entirely ruin the great economic service which the sailing ships render to the transport of goods and passengers and will drive them out of existence. It is necessary to provide that the Certificate of Registration shall be granted without any delay and to this end suggest the addition of the words "without

any delay" between the words "granted" and "to" in the first line of Clause 4 (2).

Moreover, the mere registration of ships is not going to develop an Indian mercantile marine. On the contrary, as long as the tonnage on the coast is not limited and every one flying any flag is allowed to come in the "economic employment", in the words of Lord Irwin, the transport service on the coast will become impossible. My Committee would, therefore, like to invite your attention to the remarks which they offered in their letter dated the 6th January 1937 in connection with a similar measure introduced in the Council of State. They are as follows :—

> "My Committee, therefore, are of the opinion that it is imperative that the Bill should be suitably modified by the incorporation of a further clause vesting power in the Government of India to limit the total quantity of tonnage plying on the coast and to make it obligatory on such tonnage to obtain necessary licence for that purpose. Such licences should be issued by the Government of India to Indian and non-Indian tonnage in such proportion as is in consonance with the national demand and the legitimate claims for natural expansion of the existing Indian shipping companies and their declared policy referred to above so that at any rate the 50 per cent of the total tonnage thus licensed to start with may be owned, controlled and managed by the nationals of the country."

My Committee would like to add that the above 50 per cent must reach 100 per cent within a period of ten years.

With reference to the power taken under clause 5 for fixing minimum rates of fare and freight for the carriage of passengers and goods while my Committee are fully conscious of the great and inherent difficulties connected with this question, they would like to give it a trial, provided the bill would authorise the constitution of a Shipping Board on which all interests would be represented which may settle the question of minimum rates of fare and freight as contemplated in Section 5 after giving full recognition to the principle that the

shipping companies are entitled to a reasonable return on the capital invested by them in that trade.

My Committee would also like to suggest the addition of a corresponding provision for the fixation of maximum rates of fare or freight; the bill should provide that if a complaint is made or other information is received that the rates of fare or freight charged at any time are excessive, the Shipping Board suggested above should be empowered to fix the maximum rates of fare or freight.

While my Committee have tried to offer a few remarks on some of the important provisions of the bill, they would like once again to emphasise the fact, as it has been emphasised by several Members of the Select Committee, that the bill as it stands will not achieve the object which is contemplated by the bill, namely, the development of an Indian Mercantile Marine.

APPENDIX 2

Bill to control the Coastal Traffic of India and the views of the Bombay Port Trust

Letter No. 1569 dated 25th May 1938 from Chamber to the Chief Secretary to the Government of Bombay.

With reference to Government Resolution No. 2337/34, dated 14th May, 1938, forwarding for opinion a copy of the above Bill, among others, to the Chairman of the Bombay Port Trust, my Committee are given to understand that the Chairman proposes to send to Government his personal views in the matter and not the views of the Trustees of the Port. In this connection, I am directed by my Committee to invite your attention to the correspondence that has passed between them and the Government of Bombay ending with your letter No. 7080-II/8395-B, dated 10th July 1937. I am to further draw the attention of Government to questions and answers in the Central Legislative Assembly on 31st March, 1938, a copy of which is enclosed for ready reference. In view of the clear

statement in the answer on behalf of the Government of India that

> " Ordinarily an official communication to the Chairman or Secretary of a public or semi-public body is addressed to him in his representative official capacity and any expression of opinion that is asked for or is given is regarded as the opinion of the body he represents " ;

it is essential that the Chairman of the Port Trust should be instructed that the purpose of the consultation in question is to obtain the views of the Board of Trustees of the Bombay Port and not his personal views as such. My Committee have today also sent a telegram to the Government of India, as per copy enclosed. They request that, in order that the object underlying such circulations for opinion may be fully served and in order that the procedure contemplated, as explained by the Hon'ble Sir Thomas Stewart in his answer above referred to, may be fully adhered to, the Chairman of the Bombay Port Trust may be clearly instructed to place the Bill in question before the Board of Trustees for their opinion and to communicate the views of the Trustees thereon to Government.

Extract from the Legislative Assembly Debates (Central) dated Thursday, the 31st March, 1938.

" Manner of Ascertaining Opinions on Bills, etc., from Public and Semi-Public Bodies

1122. Mr. Manu Subedar: Will the Honourable Member for Communications state :

(*a*) Whether in addressing communications to the Secretaries or Chairmen of public and semi-public bodies, Government address them in their capacity as representatives of such bodies or in their individual capacity ;

(*b*) whether in forwarding to such Secretaries or Chairmen Bills or other references for opinion Government desire the views of the said Secretaries or Chairmen individually or views as representing the views of the Body in question ;

(*c*) whether the Bill to control the Coastal Traffic of India was sent, through the Government of Bombay, for the opinion of the Chairman of the Bombay Port Trust, and if so, whether any opinion was received in reply ;

(*d*) if the reply to part (*c*) be in the affirmative, whether the said opinion was the individual opinion of the Chairman or the collective opinion of the Port Trust, as representing the views of the Board of the Bombay Port Trust ;

(*e*) if it was only the individual opinion of the Chairman, whether Government propose to make it clear to him for his future guidance that in such matters Government always desire the opinion of the Body concerned ; and

(*f*) whether Government propose to issue similar instructions to heads of all such public bodies and semi-public bodies so as to remove any possible misunderstandings in the matter.

The Honourable Sir Thomas Stewart: (*a*) and (*b*). Ordinarily an official communication to the Chairman or Secretary of a public or semi-public body is addressed to him in his representative official capacity and any expression of opinion that is asked for or is given is regarded as the opinion of the body he represents.

(*c*) to (*f*). These questions fall within the sphere of the Commerce Department to whom I understand they have also been addressed. They will be answered in due course I take it by my Honourable friend the Commerce Secretary.

Mr. Manu Subedar: The question of course is for the Honourable Member who has replied and with your permission, Sir, I should like to ask specifically whether with regard to this Coastal Traffic Bill the information received was regarded as the opinion of the Chairman or the opinion of the whole Board.

The Honourable Sir Thomas Stewart: The opinion was submitted to the Commerce Department and I suggest that the

Honourable Member addresses his question to that department."

Letter No. 2337/34B dated 30th May 1938 from the Government of Bombay to Chamber.

"With reference to your letter No. 1569, dated the 25th May 1938, on the above subject, I am directed to state that the Chairman, Bombay Port Trust, has been requested to obtain and forward to Government the opinion of the Trustees of the Port of Bombay on the Bill to control the Coastal Traffic of India."

APPENDIX 3

Rate-War in the Haj (Pilgrim) Traffic

Letter No. 2681 dated 16th September 1938 from Chamber to the Secretary to the Government of India.

I am directed by my Committee to convey to you their feeling of serious concern at the rate-war which was waged in the pilgrim trade last year and the prospect of its repetition this year also and to urge upon the Government of India the necessity of putting an end to the rate-war both for the protection of the pilgrims and for ensuring participation of national shipping in India's overseas trade.

1. It is well-known that the pilgrims were not satisfied with the conveniences and comforts that were available to them on the ships on which they travelled and they felt that there was considerable scope for improvement in the treatment that was meted out to them by the only line which had practically the monopoly of the trade for the last seven years and more. The questions that were put in the Legislatures and the representations that were made by the Haj Committees at different ports gave expression to the sense of dissatisfaction on the part of the pilgrims. So far as the port of Calcutta was concerned the Mogul Line considered it to be an uneconomic port and expressed its strong desire that it should be closed to the

pilgrim traffic. The Calcutta Port Haj Committee took a different view and negotiated with another shipping company with a view that that company should berth its steamers from the port of Calcutta. When that Haj Committee succeeded in inducing the Scindia Company to berth their steamers from the port of Calcutta, the Mogul Line also insisted on berthing their steamer from that port although they maintained that the traffic did no justify the berthing of a steamer from that port in the past. The situation that has developed in the Haj trade is such as it has led even the Government of India to declare through Mr. Dow, the Commerce Secretary, that more than one Department of the Government of India would welcome a little competition in that trade. Mr. Dow made that observation when he was referring to the entry of the Scindia Company in that trade. Moreover, the different Haj Committees at the Ports of Bombay, Karachi and Calcutta also welcomed the advent of the Scindia Company in that trade. It would, therefore, be realised that the Scindia Company were trying to meet the long felt want of a truly Indian concern into that trade who would be prepared to concede all the reasonable conveniences and comforts demanded by the pilgrims and would bring a sense of humanity and friendliness in the treatment which may be accorded to the pilgrims. It is common knowledge that the pilgrims as well as the Haj Committees of the different ports appreciate the facilities and comforts which were given by the Scindia Company to the pilgrims going from India to Jeddah. My Committee consider that it is essential to bear in mind this back-ground which led the Scindia Company to spend large sums of money in building new boats for the pilgrim trade and to decide to run them in this service.

3. The Mogul Line made an announcement on the 1st December last, prior to the Scindia berthing their steamer for the run, that they would carry on a rate-war against the Scindia Company and would carry it on with "all their resources." It is now common knowledge that the passage fare from Karachi was brought down from Rs. 172|- to the trifling figure of Rs. 20|- per head. My Committee are

informed that the shipping company thereby may actually have to be out of pocket by a certain amount per passenger.

4. When the Government of India, in pursuance of the questions put in the Legislatures and the representations made to them, convened a Conference in July last of the representatives of the two shipping companies with a view to put an end to the rate-war in the Haj trade, my Committee thought that they would be able to safeguard both the interests of national shipping as well as the interests of pilgrims. The Conference, as is well-known, broke down, because my Committee understand that the Mogul Line were not prepared to co-operate with the Government of India in the matter. On the contrary, shortly after the break-down of the Conference, they broadcasted a leaflet in different parts of India asking the would-be pilgrims to book their tickets at the port of embarkation and that too at the lowest possible rates. Not only did this draw the attention of the various Haj Committees at different ports, but it also aroused the attention of the commercial community, and my Committee find that strong representations have already been made to the Government of India to see that the Scindia Company is not squeezed out of the trade and that the rate-war is put an end to in the interests of the pilgrims themselves. My Committee lend their strong support to this common feeling, and hope that, in view of the specialised nature of this trade and the past assurances and promises which the Government of India have given to ensure the participation of national shipping in the overseas trade of India, they would take early and effective steps to see that the rate-war is put an end to and that the participation of national shipping is ensured in that trade not only in pursuance of a national policy for the development of an Indian Merchant Navy, but also for the safeguarding and protection of the interests of the pilgrims themselves.

Telegram dated 6th December 1938 from Chamber to the Government of India.

Committee Indian Merchants' Chamber deeply deplore the starting of rate-war in Haj traffic by Mogul Line by determining agreement without consulting the other party

regarding minimum deck passage fare between India and Jedda recently arrived at with the Scindia Company through the good offices of Commerce Member. Committee convinced rate-wars have crushed growth of national shipping and as pilgrim traffic is special concern of Government of India and as they have promised secure adequate participation national shipping overseas trade committee strongly urge upon Government of India to take effective action for putting an end to this rate-war by fixing reasonable economic rates for that traffic.—Inchambu.

APPENDIX 4

Charges for issue of Weighment Certificates

Letter No. 2732 dated 23rd September 1938 from Chamber to the Chamber of Commerce, Bombay.

I am directed by the Committee of the Chamber to refer to the Weighment Certificates issued by your Chamber for shipments of goods to Port Said which are required by the Steamship Companies for the purpose of issuing Bills of Lading. It is pointed out in this connection that the Chamber weighs only 10 per cent of the goods and charges on the whole lot, as also that the Chamber charges only 6 pies per bale of cotton, the cost of which amounts to about Rs. 75|- to 80|-. On a bag of groundnut seeds worth about Rs. 10|- the Chamber levies a charge of one Anna which is considered exorbitant. In view of the increasing export of oil-seeds to Palestine via Port Said, my Committee have to request you to look into the matter and to make necessary changes in the rules regarding the above charges.

Letter No. 2852/96 dated 13th October 1938 from the Chamber of Commerce, Bombay, to Chamber.

I am desired to acknowledge receipt of your letter No. 2732 of the 23rd September in connection with the incidence of the charge of one anna per bag levied by this Chamber as weighment fee on bag cargo exported to Aden, Suez, Port Said, etc.

2. When the fee charged by this Chamber was fixed at one anna per bag, account was taken of the fact that a proportion of the packages would be of uniform dimensions, and that a weighment of a percentage only of a consignment would frequently be adequate. In the case of most of the bag cargo presented for weighment, the costs of the labour and time required are considerable and out of proportion to that necessary in the measurement of cotton. In the latter case, fairly large uniform consignments are the rule and the necessary labour is supplied by shippers.

3. The weighment of cargo commenced last year at the request of steamship companies for reasons of which you are doubtless aware and more particularly associated with alleged under-declaration of weights. Only recently have consignments presented been sufficient in quantity to form a basis for the calculation of an equitable charge. The fee must ordinarily bear some relationship to the work done, and that most frequently is not related to the value of the cargo.

4. My Committee appreciate that the value of the cargo, though not often directly related to the work to be done, is nevertheless a factor to be taken into account, if it can in any way be done. They have at present under consideration the question of granting a refund of a portion of the fees paid where consignments consist of large lots presented at one time for weighment. A step has already been made in this direction in the case of cargoes of wheat flour where a refund of 50 per cent of the fee paid is allowed when lots consist of 200 bags or over at one time. I am to say that such adjustments of fees charged are frequently considered as and when circumstances arise which may justify them. The probable increase in the exports of seeds to Palestine will, no doubt, justify consideration in a similar sense, and enquiries to that end are in hand.

APPENDIX 5

Cylindrical Packages for Shipping Freight

Letter No. 2890 dated 18th October 1938 from Chamber to the British India Steam Navigation Co., Ltd., Bombay.

My Committee are informed that in calculating measurements for charging freight a deduction of one-fifth is allowed from the cubical measurements in respect of cylindrical packages consigned for European ports. This concession however, it is reported, is not allowed in regard to such packages shipped to Indian and African Ports. If the above information is correct, my Committee would like to know the reasons as to why your Company has thought it fit to exclude African and Indian Ports from this facility. The grounds on which such a reduction is considered fair and necessary for European ports should, in the opinion of my Committee, apply equally for Indian and African Ports, and there does not appear to be any special reason for the difference in the basis of calculation of measurements as above.

I shall be glad to hear from you in the matter at an early date.

Letter dated 15th November 1938 from the British India Steam Navigation Co., Ltd., and other companies forming Indian Coastal Conference to Chamber.

With reference to your letter No. 2890 of the 18th instant addressed to the Agents of the B.I.S.N. Co., Ltd., in regard to the above, we would advise that it is customary to charge a higher rate of freight for cylindrical packages owing to the loss of space entailed in broken stowage. It was decided however when fixing rates to Indian and African Ports, to charge ordinary rates for cylindrical packages instead of charging a higher rate and allowing a deduction of one-fifth from the cubical measurements.

APPENDIX 6

Carriage of Safety Matches packed in Ocean Paper as Under-Deck Cargo

(See page 143. Chamber's Annual Report for the year 1937).

APPENDIX 7

Madras Minor Ports Fund Bill

Letter No. 2883 dated 17th October 1938 from Chamber to the Secretary to the Government of Madras, Public Works Department.

The attention of the Committee of this Chamber has been drawn to the Bill to provide for the disposal of the balance to the credit of the Minor Ports Fund in the Province of Madras, proposed to be introduced in the Legislature of your Province. My Committee hope to be excused for addressing this representation to you from an outside Province, but feel that your Government will be pleased to appreciate their anxiety with regard to matters of public importance. It seems that there is an accumulation of 60 lakhs of rupees in the Minor Ports Fund of the Madras Province. The Government of Madras now consider, for reasons best known to themselves, that it is not necessary to keep more than 5 lakhs of rupees in this fund and the balance may be credited to the general revenues of the Province and utilised for other purposes that the Government may think fit. My Committee realise that all the Minor Ports are in charge of Provincial Governments, but the Minor Ports stand in need of a good deal of scientific and proper development and it is found that the amenities which are to be found at these Ports by Shipping Companies and by the mercantile community are also not sufficient. Under the circumstances, my Committee beg to protest strongly against this diversion of a big amount from this Fund to the Public Revenues. Under the existing law the amount standing to the credit of the Minor Ports Fund can only be spent for the improvement and for purposes of the Minor Ports, and for the very good reason

that this fund is constituted out of the dues paid by shippers and shipping. If it is later found that the fund has a large surplus, which is not required for the improvement of the Minor Ports, the corollary is that the dues should be reduced and the burden on shipping alleviated. But unfortunately the Minor Ports are very much neglected. My Committee deeply regret that such an unwarranted principle should be introduced in the working of a Government, particularly of a Congress Province, and the fund earmarked for a particular purpose withdrawn entirely from shipping and proposed to be transferred to the general revenues of the Province. My Committee in conclusion beg to hope that looking to all these circumstances, the Government of Madras will be pleased not to introduce this Bill in the Legislature and to withdraw it both in the interest of shipping and of the commercial community.

APPENDIX 8

Free Landing Days Allowed by the Port Trust

Letter No. 287 dated 27th January 1938 from Chamber to the Secretary, Bombay Port Trust.

Under the rules framed by the Bombay Port Trust under the provisions of Section 43, 43-A and 43-B of the Bombay Port Trust Act and sanctioned by Government goods landed from boats or loaded from wharves into boats are allowed storage in docks free of rent for five days, except in the case of certain specified goods. The day fixed as the General Landing Date for a vessel's cargo will also be counted as one of the free days.

My Committee have received complaints from various trades that the free days at present allowed are insufficient. After the arrival of the goods and before they can be cleared there are various formalities to be observed. Over and above completing and observing the official requirements of the Port and Customs in the matter of such clearance, the consignees have to advise all the merchants on whose account the goods have been imported. All these naturally take time and my Committee are advised that it is the general experience of

importers in the various trades that the present free period of five days is inadequate.

As you are aware, formerly a period of 7 days was allowed for the storage of goods but subsequently due to conditions of war and post-war boom, when congestion was experienced in the docks transit shed and yards, the same was reduced to five days to prevent congestion in the transit sheds. My Committee believe that at present such circumstances no longer exist and the Port Trust can well increase the free days, without causing any inconvenience to themselves or to the handling of goods in the sheds and yards. They, therefore, suggest that the Port Trust should restore the seven days free period and take steps to get the sanction of Government for making the necessary change.

The attention of my Committee is also drawn to another circumstance under which the free period, as allowed under the rules, is practically reduced. Firstly, the day fixed as the General Landing Date for a vessel's cargo is counted as one of the free days. Secondly, it appears that not all the cargo in a vessel is landed on such day declared as the General Landing Date. Thus the period of free days in respect of such of the cargo which remains unlanded on the General Landing date suffers some reduction with the result that the merchants concerned do not even get the full number of free days that they are supposed to enjoy under the rules. It is, therefore, necessary to bring about a change in the rules in regard to the computation of the free days. My Committee suggest that such a period should begin after all the cargo has been landed.

As has been pointed out, the circumstances under which it was felt necessary to curtail the free period no longer exist. The financial position of the Port Trust has also improved and the small reduction in revenue which may ensue as a result of the extension of the free days is not going to appreciably affect the Trust. My Committee, therefore, request that the above matter may please be placed before your Board for consideration.

Letter No. 1278 dated 26th April 1938 from the Bombay Port Trust to Chamber.

I am directed to say that the Trustees have duly considered your letter No. 287, dated 27th January 1938, regarding the number of days free storage granted in the case of goods imported and exported at the Docks.

In the first place I am to point out that the free days allowed are not as stated in the first paragraph of your letter, but are as laid down in Section III-A of the Docks Scale of Rates, a copy of which is enclosed.

With regard to your request that the free days for imports should be increased to seven and the suggestion that congestion in the Docks transit sheds no longer exists, I am to emphasise the point that the reduction made 24 years ago in the number of free days was made expressly to prevent congestion; this causes delay and inconvenience to ships, for the avoidance of which the need is as great today as ever. The increase in the size and draft of modern vessels, which preclude many of them from being berthed in Prince's and Victoria Docks, is a factor that tends to increase congestion in Alexandra Dock and any addition to the free days or the declaration of the General Landing Date after all the cargo of a vessel has been landed would simply add to the difficulty.

To meet delay due to the eaxmination of goods for appraisement by the Customs, the Trustees grant a special concession under Section III-A (*f*) of the Docks Scale of Rates which exempts from extra fees goods detained by the Customs Department for special examination involving analytical or technical tests other than the ordinary processes of appraisement. Furthermore in all other cases of detention by the Customs, provided the delay in the clearance of the goods is certified by them to be due to Customs detention, the special low scale of rent laid down in Section III-C of the Dock Scale for storage in the Warehouses is charged instead of extra fees.

While therefore the Trustees are not prepared actually to increase the number of free days at present allowed for imports, they have agreed, and requested the Government of India to

sanction the necessary amendment of the Docks Scale of Rates, that the day fixed as the General Landing Date for a vessel's cargo shall not in future be counted as one of the free days; this in effect will increase from five to six the number of days for which cargo landed in the Docks may remain in the transit sheds and on the dock wharves free of rent.

Finally, the Trustees desire the fact brought to notice that under the General Landing Date system two-thirds of a vessel's cargo gets in addition to the six free days to be allowed in future, a further two days on an average before the General Landing Date is declared.

The amendment of the Docks Scale of Rates relating to the computation of free days will take effect from the date of its publication in the *Bombay Government Gazette.*

APPENDIX 9

Delay in Examination of Goods at the Customs Sheds

Letter No. 812 dated 11th March 1938 from Chamber to the Collector of Customs, Bombay.

Some members of the Chamber have written to my Committee complaining of the delays which off and on occur in the examination of goods by the Customs Department for the payment of duties. It is also complained that as the free days allowed by the Port Trust are only five and the examination by the Customs Department takes up sometimes more time than this, importers have to pay *ipso facto* wharfage charges which run into a pretty big figure. My Committee beg to draw your attention to this grievance of the merchants with a request that it will be remedied. All that was wanted perhaps was to bring this to your notice so that the maladjustment, wherever it may be, may be set right through your good offices.

At the same time, my Committee suggest that if the Customs examination take up a pretty long time, some latitude must be given with regard to the free days of the Port Trust.

My Committee recognise that while the complaint is made against the delay of your department, relief is sought for from the Port Trust also. It is, however, hoped that the Customs department and the Port Trust authorities will put their heads together and find out what relief can be given to merchants in such cases. My Committee have gone through this question carefully and find that merchants do need relief in such cases and hope that this letter will receive your favourable consideration.

Letter No. C387/38 dated 6th May 1938 from the Collector of Customs to Chamber.

I have the honour to refer to your letter No. 812, dated 11th March 1938.

Detention certificates are granted by this department in respect of goods which are detained for purposes of analytical or technical tests. They are also granted in other cases in which goods are unavoidably detained at the instance of this department for other purposes, e.g., the completion of Customs formalities. The question of granting remission of storage charges on the strength of such certificates rests with the Port Trust.

APPENDIX 10

Inclement Weather in the City and the Difficulties regarding Clearing Goods from the Bombay Port Trust Docks

Letter No. 2852 dated 12th October 1938 from Chamber to the Bombay Port Trust.

The attention of my Committee has been drawn to the fact that owing to the inclement and cyclonic weather conditions which prevailed in the City on the 5th and 6th considerable difficulty was experienced by merchants and clearing agents for the clearance of the goods from the Docks. They have in this connection seen a copy of the representation addressed by the Custom House Clearing Agents' Association to you, requesting that the 6th of October be declared as an

additional free day for purposes of docks charges. As the conditions existing on that day made normal clearing work impossible, my Committee feel that the request made by the Clearing Agents deserves sympathetic consideration and they therefore recommend that orders be issued to treat the 6th instant as a free day for the purpose of docks wharfage charges.

Letter No. 3488 dated 13th October 1938 from Bombay Port Trust to Chamber.

I have to acknowledge your letter No. 2852, dated the 12th instant and to sub-join copy of this office reply No. L|4-4|3448, dated 8th idem to the Honorary Secretary, the Bombay Custom House, Clearing Agents' Association in the matter for your information.

> "In reply to your letter dated the 6th instant, I regret I am unable to agree with you that yesterday's weather conditions seriously affected deliveries of cargo from the Docks.
>
> A comparison of the delivery figures for the 5th and 6th instant do not confirm your view.
>
> In the circumstances, I regret I am unable to accede to your request."

APPENDIX II

Storage of Coal on Bombay Port Trust Grounds

Letter No. 3527 dated 22nd December 1937 from Chamber to the Secretary, Bombay Port Trust.

My Committee have received complaints regarding the inconvenience caused by the recent change made by the Bombay Port Trust in the arrangements for the storage of coal. Formerly, coal was allowed to be stored both at the Darukhana Bunder and at the Haji Bunder, but now it appears that the Port Trust is not allowing coal to be stored in Haji Bunder, and has, instead, allotted a place for the purpose near what is known as Manganese Depot. It is pointed out that the Port

Trust is not permitting the removal of coal from the new place by lorries into the City, with the result that coal merchants have to make separate arrangements, involving additional expenditure in staff, etc., in respect of supplies of coal to mills and factories within the City limits.

In order to enable my Committee to consider this question in the light of the complaints received, they would like to be enlightened as to the reasons which impelled, from the point of view of the Port Trust, the changes in the arrangements and particularly as to the reason why even from the new place transport of coal into the City is not allowed. My Committee request that they may be furnished with the information at an early date.

Letter No. 266 dated 21st January 1938 from the Bombay Port Trust to Chamber.

With reference to your letter No. 3527, dated 22nd December 1937, I am directed to say that during the past year, owing to the difficulty of obtaining steamer freight from Calcutta, an increased quantity of bunker coal arrived by rail. In order to meet the demand for increased storage accommodation and to avoid litigation on account of damage due to serious nuisance from coal dust, the railway siding at Tank Bunder was specially extended, providing about 8,000 square yards of accommodation (much more than was available at Haji Bunder) and it was decided to close down Haji Bunder to coal traffic.

The present position is :—

(1) There is an extensive accommodation available for sea-borne coal at Mazgaon Coal Bunder which was constructed, and has been used for very many years, for the purpose.

(2) Similarly there is extensive accommodation available at the Port Trust Coal Depot, north of Grain Depot, for rail-borne coal suitable for local deliveries. This Depot was likewise specially laid out for rail-borne traffic and has been in use for many years.

(3) There is the new area at Tank Bunder recently made available for rail-borne bunker coal.

The Tank Bunder area is insufficient for storage of all coal, both bunker and local, and therefore in general fairness to merchants so that those who have obtained plots at Tank Bunder should not have an advantage over others—and to avoid justifiable complaints of dust nuisance from the Tile Trade occupying land on the same Bunder, it has been decided that the Tank Bunder accommodation should only be used for bunker coal, as was the case at Haji Bunder which it has replaced.

I am to add that no restriction as to destination of coal is in force at Mazgaon Coal Bunder, and it is expected that, on reverting to its normal (sea) route as is now occurring, coal will again be landed at this Bunder.

Letter No. 459 dated 10th February 1938 from Chamber to the Bombay Port Trust.

I am directed to acknowledge receipt of your letter of the 21st January 1938, No. 266. My Committee have considered all the reasonings set forth by you both for the closing down of Haji Bunder to coal traffic and for opening Tank Bunder area only bunker coal. It is regretted that they cannot consider that these reasons are satisfactory for imposing restrictions which have inflicted much hardship upon the coal trade. So far as my Committee can see there were no reasonable grounds for closing down the Haji Bunder. Supposing however it was closed down there was then no reason whatsoever for having the Tank Bunder area only for bunker coal. Such restrictions mean that the coal merchants have to keep two distinct staffs in addition to what they have already got, one for the Tank Bunder for bunker coal and the other for the Depot from where the rail coal can be sent direct to the mills. One particular area only must be used for bunker coal as well as for sending coal to the mills, as otherwise it not only creates hardship but increases the costs. The Port Trust are well aware that the coal by rail cannot be expected to arrive at a specified and punctual time and hence merchants should be free to send their coal for mills or bunkers. This will only satisfy the requirements of the trade. If the Haji Bunder was closed and if the Tank Bunder was given it stands but to

reason that the coal trade should receive all the amenities which were provided them at the first place. It was with this understanding that the merchants took the plots at Tank Bunder. The Port Trust which is always dealing with business bodies will appreciate that it is not in the interests of trade to have some depot here and some depot there but to have a central depot where they can receive railway coal from where they can send coal for bunkering purposes and coal for mill purposes. If the Tank Bunder area does not afford sufficient site, my Committee suggest that it should be rented to the parties in proportion and the restriction may be placed, if necessary, for unloading coal from steamer.

Letter No. 913 dated 23rd March 1938 from the Bombay Port Trust to Chamber.

With reference to your further letter No. 459, dated 10th February 1938, I am directed in the first place to observe, with a view to removing a possible misunderstanding, that merchants were not permitted to use Haji Bunder for delivery of coal into town as well as for bunkering and special steps were taken to ensure that this was not done. The accommodation provided at Tank Bunder in place of Haji Bunder for the storage of coal is let out on exactly the same conditions as prevailed at the latter Bunder, and the tenants at Tank Bunder enjoy precisely the same facilities as they had formerly except in respect to area and depth of water which are better than they were at Haji Bunder.

It is understood that bunkering coal has now ceased to come by rail and the coal trade, in the matter of facilities offered by the Port Trust, is in the same position as it was prior to the recent abnormal conditions.

I am to add that merchants desiring to have plots served with both rail and wharf facilities and to be free to do both bunkering and town deliveries, can be accommodated at Frere Bunder which has recently been largely used for these dual purposes.

Letter No. 1922 dated 30th June 1938 from Chamber to the Bombay Port Trust.

I am directed to acknowledge receipt of your letter dated 23rd March, 1938, No. 913.

The Committee of this Chamber regret that the Bombay Port Trust has again repeated the argument that the accommodation provided at Tank Bunder is let out on exactly the same conditions as prevailed at the latter Bunder (Haji Bunder), and that the tenants of Tank Bunder enjoyed precisely the same facilities as they had formerly, excepting in regard to the area and depth of water which are being more than they were at Haji Bunder. What my Committee contend is that the facilities given at the Tank Bunder, whether they may be the same as what they were previously or not, are not sufficient for the purposes of the merchants. What the merchants require is the accommodation to get their coal both by ships and by rail so that they may be in a position to despatch their coal both for bunkering and for the use of the factories and mills in the City from one place. The site at the Tank Bunder is quite suitable for the purpose, as there are railway lines and as there is arrangement for the Padavs to come in from the steamers. If it is found that the Tank Bunder site is not quite sufficient, railway lines may be provided for the Coal Bunder which is quite a big area. It is argued that at the Tank Bunder site it would not be advisable to allow coal to be carried to the City in lorries as it would mean coal dust nuisance for the tiles stacked there. It is surprising that such an argument should be used as the railway trucks are emptied for purposes of despatching coal by Padavs for bunkering purposes, and there is no question of any coal dust nuisance raised in this case. There is also the unloading of charcoal which is done here and it is quite obvious that the unloading of charcoal will mean a greater dust nuisance than the unloading of coal. The former however is allowed and charcoal is allowed to be carried away in lorries.

It is true that at present on account of shipping freights having gone down, coal is coming by ships and practically no coal is coming by rail. This state of things may, however,

continue or may not for any period of time, and it is because of this that my Committee urge that the question of accommodation at Tank Bunder and the permission to the merchants to take away coal in lorries for factories and mills purposes should be decided at present. In fact, this appears to be the most opportune time for such a decision, as otherwise if again on account of any possible increase in shipping freight coal begins to come by rail, the same old problem will be raised without the Port Trust having come to any decision regarding its policy in the matter.

Under the circumstances, my Committee request the Port Trust to allow Tank Bunder to be used both for unloading of rail coal as well as of coal brought by sea route, as also to allow that site to be used for carrying coal in lorries to the City and for sending coal by Padavs for bunkering purposes. Such an arrangement will be in the best interests of the trade and the Port Trust.

Letter No. 1352 dated 7th October 1938 from the Bombay Port Trust to Chamber.

I am directed to invite reference to your letter No. 1922, dated 30th June 1938, in which you state that although the coal trade has now reverted to its normal (sea) route and practically no coal is coming by rail, your Committee desires the Port Trust to reconsider the question of allowing coal intended for local delivery to be stored at Tank Bunder for the reasons that :—

1. The same difficulty might arise if the abnormal conditions were to recur ;

2. The trade require storage accommodation at one place both for bunkering and for town consumption.

I am to say that while, for the reasons previously explained, Tank Bunder plots cannot as a general rule be allowed for storage of coal for town deliveries, arrangements have now been made to allow storage of such coal on the eastern portion of the Bunder when available. The storage plots at Frere Bunder, which have both rail and wharf facilities, are however

considered adequate to meet any abnormal conditions that may arise.

As regards your Committee's suggestion that a railway siding be provided at Coal Bunder, I am to say that the further expenditure would not in present circumstances be justified, but the suggestion has been noted for consideration should the need for extended facilities arise at any time in future.

APPENDIX 12

Publication of Proceedings of the Bombay Port Trust

Letter No. 2794 dated 30th September 1938, from Chamber to the Representatives of the Chamber, on the Board of the Bombay Port Trust.

The Committee of the Chamber are informed that the Government of India have addressed the Board of Trustees of the Bombay Port, asking their opinion as to how to give adequate publicity to proceedings of different Port Trusts. This question was considered by the Committee at their last meeting, and they came to the conclusion that the best method of giving publicity to the proceedings would be *by sending the minutes of the Port Trust Boards to recognised public bodies and to the Press.* It is hoped that you will kindly bear this resolution of the Committee in mind when the question comes before you at a Port Trust meeting and support the view of the Committee.

APPENDIX 13

Expansion of the Bombay Port Trust Magazine

Letter No. 403 dated 3rd February 1938 from the Chairman, Bombay Port Trust, to Chamber.

As you are aware the Bombay Port Trust has for some years been publishing a small magazine quarterly called *The*

Port of Bombay with a view to advertising to the world the facilities and amenities given by the Port to Commerce and Industry, also with a view to educating the people of Bombay as to the value of the Port to the City. It also contains a certain amount of personal matters of interest to the Trustees and the staff. To cover the interests outlined about 900 copies of each quarterly number are distributed free on the following basis :—

	India.	Abroad.	Total.
Chambers of Commerce	39	111	150
Engineering and Commercial Firms	135	21	156
Port Officials	9	109	118
Shipping Companies for Passenger Service	89	..	89
Shipping Companies	30	51	81
Government Officials	33	8	41
Bankers	22	16	38
Newspapers and Publications ..	19	9	28
Chairman, Trustees and Consulting Engineers	22	6	28
Advertisers	25	..	25
Consuls	31	1	32
Trade Commissioners	5	17	22
Educational Institutions	19	..	19
Port Trust Departments	19	..	19
Railways	12	2	14
Public Libraries	8	2	10
Retired Port Trust Officers ..	5	..	5

The magazine has been very greatly appreciated and complimentary letters have been received from all over the world and its success is undoubted.

The fact has however been slowly evolving that for full advertising value to attract the merchant and the manufacturer the whole of the facilities and amenities of Bombay should be described, not only the Port but the City, the two Main Line Railways feeding the City, the great Commerce and Trade Associations and the many advantages they offer to the merchant and manufacturer should be portrayed. It is con-

sidered therefore that the scope of the magazine should be enlarged to cover this and the distribution greatly increased. To carry out such a proposal would be beyond the power of the Port Trust either in material or to finance satisfactorily. It could not be carried out on the present amateur basis and would require the services of a professional journalist to have any hope of success. The question has been gone into tentatively and it is estimated that the net cost of producing and distributing 10,000 copies quarterly of a magazine on the basis outlined would be about Rs. 10,000 per annum.

I should be obliged if you would inform me as to whether your Chamber consider that such a scheme would be of value to the City in inducing the merchant to carry out his business through Bombay and the manufacturer to found his factory in Bombay and if so if you would be prepared to supply matter of interest for the magazine, also if you would be prepared to subsidise such a magazine and to what extent.

Letter No. 586 dated 21st February 1938 from Chamber to the Bombay Port Trust.

I am directed to acknowledge the receipt of your letter of the 3rd instant, No. 403.

The Committee of this Chamber consider that the idea of expanding your Magazine is quite good, and should be developed further. It is quite necessary that for a City like Bombay, there should be a Journal which can place before the public and before Tourists and visitors, facts and figures relating to the City and the Port. In order, however, that the idea may be made successful it is advisable that a Journal should not be conducted by the Port Trust alone, as other bodies like the Railways, the Municipal Corporation, the Steamship Companies, the Chambers of Commerce and the Millowners' Association might be interested in it and might like to run a separate Journal altogether to represent the interests of the Bombay City and its trade and commerce and such as may interest tourists. My Committee beg to suggest that there should be such a joint consultation between all these bodies who should decide as to the best way in which the Journal should be organised and conducted.

For the present, with regard to your suggestion itself, my Committee are afraid that they will not be able to help financially.

APPENDIX 14

Payment of Freight and other Charges on the Bombay Port Trust Railway

Letter No. 2386 dated 29th July 1938 from the Secretary, Bombay Port Trust to Chamber.

I am directed to say that the question of revising the procedure for the recovery of freight and other charges on the Bombay Port Trust Railway has been under consideration.

At present, dues are received either in cash or, in the case of firms and others on the Port Trust list of approved cheque drawers, by cheques which need not be guaranteed by the Banks on which they are drawn. Facilities also exist for merchants to open deposit accounts with the Railway, but it is not obligatory on a cheque drawer to keep a deposit account.

While the Trustees do not desire to withdraw the facility of paying dues by cheques, it is considered that the present procedure, which involves undue risk to the administration, should be altered to bring it into line with that followed on the G. I. P. and B. B. and C. I. Railways and it is accordingly proposed that the future procedure should be as follows :—

(1) All payments of Railway charges to be made in cash or by cheques guaranteed as good for payment by a Bank on the Reserve Bank list or covered by a general guarantee from such a Bank.

(2) Unguaranteed cheques will only be accepted from consignees or endorsed consignees (and not from carting agents, clearing and delivery agents or contractors) on one of the following conditions :

(*a*) That such consignees or endorsed consignees open a deposit account with the Bombay Port Trust

Railway against which the dues can be adjusted; or

(*b*) That such consignees or endorsed consignees are permitted by the Chairman, Bombay Port Trust, to pay their dues by unguaranteed cheques on deposit of securities or otherwise, and subject to such limits of amounts as may be laid down by the Chairman.

Note.—Consignees or endorsed consignees who hand over railway receipts to carting, clearing and delivery agents or contractors should specify to this effect on the railway receipts.

I am to ask that you will kindly intimate, by 15th August, if possible, whether your Chamber/Association have any remarks to offer on these proposals.

Letter No. 2321 dated 11th August 1938 from Chamber to Bombay Port Trust.

I beg to acknowledge receipt of your letter No. 2386 of the 29th July 1938 on the above subject and to say that the contents of the same have been noted.

Letter No. 3062 dated 7th October 1938 from the Bombay Port Trust to Chamber.

With reference to your letter No. 2321, dated 11th August 1938, I am directed to say that after full consideration the Trustees have adopted the following revised procedure for the recovery of freight and other charges on the Bombay Port Trust Railway :—

(1) Cheques will continue to be accepted from firms and individuals on the approved list. The list will be reviewed annually and a limit to the amount of payments by cheque of each party fixed ;

(2) The drawer of a cheque which is not realised on presentation will be immediately struck off the approved list ;

(3) Cheques for railway dues will only be accepted from consignees and endorsed consignees on the approved list, and not from carting, clearing and delivery agents or contractors; (consignees or endorsed consignees who hand over railway receipts to carting, clearing or delivery agents will be required to specify to this effect on the railway receipts);

(4) During the Easter, Divali and Christmas holidays, railway dues will only be accepted in cash or by guaranteed cheque.

Letter No. 3021 dated 2nd November 1938 from Chamber to the Bombay Port Trust.

I am directed to acknowledge the receipt of your letter of the 7th October 1938, No. 3062. My Committee note the procedure now laid down for the recovery of freight and other charges on the Bombay Port Trust Railway.

With regard to rule (2), however, they would like to point out that cheques are sometimes dishonoured for reasons other than that of insufficiency of balance to the credit of the drawer. They therefore suggest that the name of the drawer should be struck off the approved list only when a cheque is returned for shortage of balance to his credit.

APPENDIX 15

Hours of Work on Bombay Port Trust Railway

Letter No. RMV/G207 dated 28th January 1938 from the B. P. T. Railwaymen's Union to Chamber.

I am directed to submit the following in connection with the above subject for your Association's favourable consideration.

The hours of business as are at present on the Bombay Port Trust Railway (vide extract from the B.P.T. Railway's Goods Tariff No. 4, dated 1st March 1937, para 18) are different in case of Docks stations and the other stations. If the

practical side of the question is taken into consideration, it will be seen that the deliveries or booking of goods is not at all done on Sundays or Bank Holidays as the banks are entirely closed on those days. Moreover, when the railway stations in the Docks which are closed according to Dock rules, cause no inconvenience to the traders then why not the same consideration is extended to other stations on the B. P. T. Railway.

The Union, however, do not wish at present to close down entirely as is done in the Docks but is only insisting what is practical with due regard to the Traders.

In conclusion, I request you to let me know the views of your Association at your earliest convenience.

Extract from the Bombay Port Trust Railway's Goods Tariff No. 4

Hours of business :

(*a*) Standard time is kept on the B. P. T. Railway.

(*b*) Working hours in Private and public sidings are 8 to 17 hours (8 a.m. to 5 p.m.) on all days WITHOUT EXCEPTION.

(*c*) Working hours in Dock Sidings are 8 to 12-30 and 13-30 to 18 hours (8 a.m. to 12-30 p.m. and 1-30 p.m. to 6 p.m.) on all days, EXCEPT SUNDAYS AND DOCK HOLIDAYS.

(*d*) No goods will be booked on Sundays except by special arrangement with the Manager.

(*e*) Goods will be delivered on all days including Sundays and holidays, except in the Docks.

The union desires the following change :—

Delete paras (*b*) and (*e*) and replace the following instead :—

1. The Goods Offices other than Docks will be open from 9 to 17 hours (9 a.m. to 5 p.m.) on all days except (*a*) (*b*) below for the receipt and delivery of goods.

(*a*) On Saturdays from 9 to 15 hours (9 a.m. to 5 p.m.)

(*b*) Bank holidays from 9 a.m. to 12-30 p.m.

2. The Goods Offices will be entirely closed on Sundays, Good Friday and Christmas day.

N.B.—As regards para 2 suggested above, it will be seen that the Railway is not charging wharfage or demurage on those days.

Letter No. 1441 dated 11th May 1938 from Chamber to B. P. T. Railwaymen's Union.

With further reference to your letter No. G. 207, of the 28th January 1938, my Committee have considered your suggestions regarding changes in the hours of business.

(1) My Committee are unable to agree to the proposal for changing the working hours from 8 a.m. to 5 p.m. to 9 a.m. to 5 p.m. They are in favour of the present hours, viz., 8 a.m. to 5 p.m. being continued. They feel that the change suggested by you will inconvenience the trade.

(2) They agree to a reduction in the hours of work on Bank holidays, but suggest the period between 8 a.m. to 12-30 p.m. for the purpose in place of 9 a.m. to 12-30 p.m. suggested by you.

(3) They are agreeable to Sundays being observed as complete holidays.

APPENDIX 16

Interview with the Chief Commissioner and Financial Commissioner of Railways

Record of Proceedings.

A special meeting of the Committee was held on Friday, 22nd July at 12 noon to meet Mr. Wilson, Chief Commissioner for Railways and Mr. B. M. Staig, Financial Commissioner for Railways.

The President started the discussion with the following speech :

MR. WILSON AND MR. STAIG,

On behalf of the Committee of the Indian Merchants' Chamber, I am glad to welcome you this morning. The visit of the Railway Commissioners to this Chamber is now almost a hardy annual, and is welcomed with great interest. While the results of the discussions at such interviews may not be immediately tangible, my Committee believe that such occasions for exchange of views enable both of us to understand better the points of view regarding various railway matters.

(1) **Recommendations of the Wedgwood Committee and action thereon :** At our interview with the Railway Commissioners last year (with Sir Guthrie Russell and you, Mr. Staig) we had made a brief reference to this question. Then, as the Government of India had not formulated their views on the recommendations, the Commissioners were not in a position to give us any detailed information as to the action proposed to be taken thereon. My Committee have since seen a printed statement issued by the Railway Board, for the information of the Central Legislature, showing the action taken on certain paragraphs of the Wedgwood Committee's report. The said statement, however, does not contain any information on one or two major points which we had raised last year. I am particularly referring to the questions of State Management of Railways and Indianisation of Railway services. The latter point is being referred to again in another paragraph. In this paragraph I shall confine my remarks to the question of State Management of Railways. My Committee are strongly in favour of the principle of State Management of Railways. In response to public opinion and in consonance with the recommendations of the Acworth Committee, the Government of India have since 1921 accepted this principle. The recommendation of the Wedgwood Committee, therefore, in favour of reversion to Company Management is not at all acceptable to the commercial community. My Committee take this opportunity of conveying to you their strong disapproval of such a proposal, and hope that the Government of India will

not accept that recommendation and put, in the opinion of my Committee, the hands of the clock backwards, in respect of Railway Management. My Committee would like to know if Government have formulated any views on this aspect of the Wedgwood Enquiry Committee recommendations. It may be recalled that the Railway Enquiry Committee was necessitated primarily by the condition of the Railway finances, after the inability of the Railways to make their contributions to the General Finances. This aspect was made all the more important, as the successful working of the new Constitution was based on the capacity of the Railways to make such contributions. My Committee would, therefore, like to have specific information as to the extent of savings in railway expenditure expected as a result of this enquiry. In this connection, they would like to refer to certain apprehensions caused in the public mind by press-messages that the slight temporary resilience in the revenue position of the Railways had made the scrutiny for retrenchment in expenditure less imperative and less urgent. My Committee hope that there is no foundation for such reports and that the Department is pursuing vigorously all the recommendations designed to effect retrenchment in railway expenditure. They would like to be reassured on this aspect, and would request you to give them information as to the proposals of the Railway Board regarding possibilities of retrenchment in expenditure.

(2) **Indianisation of Railway Services:** This again is a question on which the views of the public and the commercial community have been frequently placed before Government. The excuse of my Committee for raising their matter again here is that certain replies given on behalf of Government to questions in the Central Assembly at its last session, have raised in their minds serious doubts as to the policy being pursued by Government in this regard. Here also, the Wedgwood Committee made certain recommendations which were considered reactionary by the commercial community and which raised a storm of protest. The general impression is that the Railway Board had some years past laid down as a definite matter of policy that for purposes of future recruitment for the superior services in the Railways, they would be guided by a percentage

basis of 75 : 25 as between Indians and non-Indians. Efforts to secure confirmation of this impression, during the last session of the Legislature were not successful, and as a matter of fact the replies given seem to indicate that the Department was not guided by any such percentage basis. My Committee therefore would like to know what the policy of Government in this matter is; and also whether they have laid down any definite percentages for purposes of future recruitment. Such a statement of policy is rendered all the more necessary, because the views of the Railway Board, as indicated in the above statement, showing action taken by the Department on the recommendations of the Wedgwood Committee on certain suggestions in paragraphs 50 and 75-79 regarding the need for continuing the recruitment of supervisory staff "of European extraction," are not very encouraging and seem to follow the views of the Experts Committee. My Committee wish to make it clear, with all the emphasis at their command, that the commercial community will not tolerate any reversion of the accepted policy of Indianisation of Railway services. The Railway Board must realise that it would not be in keeping with the changed political conditions and must acknowledge, once for all, that the Railway services must be manned completely by Indians and that, at any rate, future recruitment for the superior railway services of non-nationals must be stopped.

(3) **Ordinary Return Tickets over the G. I. P. and B. B. and C. I. Railways:** My Committee had recently addressed the two Railway Administrations regarding the introduction of the system of ordinary return tickets over the Railways. The system was prevalent years ago over all the principal Railways in the country. My Committee understand that it is now in force in the B. N., E. I., and N. W. Railways. Even the G. I. P. and the B. B. and C. I. Railways have introduced the feature between certain selected stations. They are, therefore, unable to understand the hesitation of the Railways to make a general extension of the system and make available such return tickets between all the important stations. The E. I. Railway, for instance, is giving concessions in the shape of cheaper First and Second Class return tickets for journeys between Calcutta and Delhi. A First Class return ticket between Bombay and Delhi

costs over Rs. 185|-, while the return fare between Calcutta and Delhi is only Rs. 112|-, the difference in the mileage being only 41 miles. My Committee, therefore, feel that the system of return tickets should be adopted by all the Railways. When the railways are exploring ways for making railway travel popular, thereby inducing greater traffic and consequent increase in revenue, such a concession, which is bound to be very popular, should be resorted to and will be in the interests of the Railways themselves. At all events, when the two Railways have adopted the system between certain stations, there is no justification for denying it for journeys between Bombay and Delhi. My Committee, therefore, suggest that the Railway Board should get the two Railways to examine the question of introducing the system of return tickets generally and between Bombay and Delhi particularly.

(4) **Refrigerated Transport Facilities:** The attention of my Committee has been drawn to the opinion of the Railway Board on paragraph 187 of the report of the Railway Enquiry Committee that there is no justification for the provision of railway-owned refrigerated vans. My Committee are unable to agree with this view. This question has also to be examined from the larger considerations of public need and public health, and the issue of the initial cost alone should not weigh unduly with the Railway authorities. Some of the important Railways have recently introduced air-conditioned coaches for upper-class passenger travel. Provision of similar facilities for the transport of perishable goods and articles of food is, in the opinion of my Committee, a more immediate need. In a country of vast distances like India, the question of the transport of articles of food from rural centres to cities is a problem closely connected with the question of the improvement of the economic condition of such rural areas. My Committee had, in the past, in their representations and submissions to the Railway Board, referred to the part of the Railways in the general economy of the country. In coming, therefore, to a decision in this matter, my Committee submit that such wider aspects have to be given adequate consideration and the issue ought not to be decided only on revenue considerations of the Railways. The Railway Board cannot be unaware of the

observations in the report of Dr. Wright on the development of cattle and dairy industry, regarding the introduction of refrigerated transport facilities. My Committee are in correspondence with the B. B. and C. I. Railway regarding this question ; but they would like the general principle to be considered in all its aspects by the Railway Board, with a view to a policy in favour of adopting the system over all the Railways being laid down.

(5) **Concession Rates over the B. B. and C. I. Railway for Transport of Cattle :** My Committee had occasion to refer to this question at their interview with the Railway Commissioners last year. They had then discussed the point on the issue of the outlook of Railways on questions concerning the general welfare of the country. The Commissioners had promised to pursue the matter with the B. B. and C. I. Railway. Representatives of my Committee had also an interview with the General Traffic Manager of the Railway last year. The position so far as the Railway administration is concerned, is that it has not as yet seen its way to introduce any concessions in the matter. In the meanwhile, the G. I. P. Railway has been continuing the concession for a period from year to year. My Committee suggest that it should be possible for the neighbouring railways to adopt a uniform policy in such matters. Apart from getting the concessions introduced in the B. B. and C. I. Railway, my Committee would like to urge upon the Railway Board that they should impress on all the Railways the need for developing a broader outlook on such issues involving the general welfare of the country and to get such concessions, wherever conditions require them, to be accepted as a normal feature of the railway policy. As my Committee observed on a previous occasion there is perhaps no other department in a country of such vast distances like India which has within its scope possibilities of rendering service which far transcends in its ultimate reactions on our economic life than the mere facility for transport of goods and passengers.

(6) **Railway Rates for Insurance of Treasure :** My Committee had addressed the Railway Board last year that the charges for insurance of treasure over railways should be

reduced. The Board, in reply suggested that as the matter was one within the competence of the railway administrations, it should be settled in direct communication with them. Accordingly, the matter was discussed at a Conference between the representatives of my Chamber and representatives of the G. I. P. and the B. B. and C. I. Railways. Subsequently, the G. I. P. Railway announced a reduction in the rate for the purpose from 2 annas to 1 anna per cent. The B. B. and C. I. Railway has refused to fall in line and is continuing the old rate. Here again, my Committee are constrained to point out the lack of uniformity in such matters as between two neighbouring railways. If it was possible for the G. I. P. Railway to accept the suggestion for lowering the rate, my Committee submit that the contention of the B. B. and C. I. Railway that "it will not pay the extra expenses incurred in sending the Guards", is unconvincing. My Committee request that the Railway Board should pursue the matter with the B. B. and C. I. Railway and get them to introduce the reduction on the lines of the G. I. P. Railway.

(7) **Railway Freight on Cotton :** The Committee of this Chamber and various other commercial associations had recently carried on correspondence with the Railway Board regarding the necessity for giving some urgent relief to the cotton cultivator by a substantial reduction in the railway freight on cotton. The demand was made insistent by the recent abnormal depression in the prices of cotton and the case for a reduction was strengthened by the fact that, while the railway freight on cotton had been increased by 50 to 100 per cent over the pre-war level, the prices of cotton had fallen considerably below the pre-war level, with the result that the incidence of freight had been made much heavier. Fears were also expressed that unless some relief in the direction of reduced freight rate was forthcoming, the movement of cotton crop would be considerably affected. The Railway Board, in their reply, *inter alia*, stated that they were "unable to agree that the manipulation of the railway freight was a suitable "method of relief to the cotton producers. Nor is it considered to be a sound policy to alter freight rates from time to time to meet traffic fluctuations." My Committee would like to ask you as

to how that statement compares with a previous statement made by the Hon'ble the Railway Member in his speech introducing the Railway Budget for 1932-33, as under :—

> "The question of cotton freights, as I have already said, received special attention and had the prices remained at the level which they touched at the beginning of September last, there was a great reason to apprehend that the existing level of freight could not be maintained, since it was becoming doubtful whether without a reduction the crop would move."

The implication is clear and obvious. In the opinion of the Hon'ble Member the lower prices would justify a reduction in freight. The stand taken in the recent replies of the Railway Board, to say the least, is not in conformity with the position taken up in the above statement of the Hon'ble Member. The price for Broach cotton in September 1931 was Rs. 149|- and the price prevailing at present is about the same. It is, therefore, natural to expect that, in keeping with the above statement of the Hon'ble Member, the Railway Board would make a substantial reduction in the freight rates. My Committee are also unable to accept the implications of the stand taken by the Board that the freight rates cannot be adjusted to the prices of the commodities. After all, it is a recognised principle of rating policy that the rates should be fixed on what the traffic could bear, and in asking for a reduction the commercial community have not asked for anything more than the application of this principle. My Committee are unable also to appreciate the stand taken by the Railway Board that the suggested reduction in rates would mean a deterioration in revenue to the extent of half a crore of rupees. This appears to my Committee to be a narrow view. They should like to know whether the Railway Board are confident that cotton will continue to move freely under the altered circumstances. They are inclined to think that the traffic in the commodity would be adversely affected if the freight rate is not adjusted to the current requirements, and the consequent dislocation in trade in the commodity would, in years to come, leave a permanent effect on the earnings of the Railways. My Committee understand that in recent years the railway freight rates on

cotton have been reduced considerably both in America and Egypt. They cannot help contrasting this with the attitude taken up by the Government in this country. My Committee, therefore, reiterate that the Railway Board should reconsider the matter and announce a substantial reduction in freight rates on cotton at an early date.

The Railway Commissioners, in their reply, observed as follows :—

(1) **Wedgwood Committee Recommendations and action thereon :** The Railway Commissioners observed that the statement issued by the Board, which had been referred to by the President, contained a summary of the action taken by the Board in respect of the items mentioned therein. They assured the Committee that there was no foundation for the report that the Railway Board proposed to discontinue the scrutiny for retrenchment in expenditure. The question of retrenchment had received active attention for the last 7 or 8 years and even before the Wedgwood Committee, action in that direction had been taken. They referred to the Job Analysis enquiry and the results thereof and added that the rest of the recommendations of the Wedgwood Committee were being closely examined.

As regards the question of the State Management of railways, the Railway Board had not come to any decision on that aspect of the Wedgwood Committee recommendations and as far as the existing position was concerned, the policy of Government was known to the Chamber. They added that the views of the Chamber in favour of continuing the policy of State Management of Railways were noted.

(2) **Indianisation of Railway Services :** The Commissioners pointed out that there had not been any recent change in the policy of the Railway Board in this matter. As far as superior services were concerned, they were guided by the percentage basis of 75 : 25 as between Indians and non-Indians for the purposes of recruitment. As regards subordinate services, recruitment of non-Indians had almost completely stopped, excepting in exceptional cases where for technical

reasons recruitment of non-Indians was found necessary. They added that the Railways had had in operation for some years a scheme for sending Indians for technical training abroad in mechanical engineering. They were unable to foresee the stage at which the recruitment of non-Indians for the railway services would cease.

(3) **Ordinary Return Ticket over the G. I. P. Railway :** The Commissioners replied that the matter had been discussed with the G. I. P. and B. B. and C. I. Railways. The G. I. P., which had concessions for eight stations, would be extending it to 13 more stations shortly ; and the B. B. and C. I. Railway also would be introducing the concession for a number of stations. Both the railways were also particularly considering the question of introducing the concession between Bombay and Delhi. They, however, pointed out that the concessions could not be expected to be continued unless after some time the same resulted in an increase in the net revenues of the railways.

(4) **Refrigerated Transport Facilities :** The Commissioners stated that this question had been engaging the attention of the Railway Board since the year 1908 and many experiments had been made the results of which had not been encouraging. They pointed out that the N. W. Railway had provided a number of refrigerated vans which were being availed of mainly for the transport of fruits. Thus the railways were in favour of introducing the system and would be prepared to introduce the same if they were sure of a remunerative traffic. They added that the question of provision of such vans for the conveyance of milk to Bombay over the B. B. and C. I. Railway had recently been discussed by the railway with the Government Live Stock Expert, but no conclusions had yet been reached.

(5) **Concessions in Rates over the B. B. and C. I. Railway for Transport of Cattle :** The Commissioners referred to the history of the question and the circumstances under which the B. B. and C. I. Railway had withdrawn the concession after trial for two years. At the request of a member, the Commissioners agreed to request that railway to consider a reduc-

tion in the freight charges on dry cattle with a compensatory increase in the charges on cattle brought to Bombay.

(6) **Railway Rates for Insurance of Treasure:** The Commissioners pointed out that the concession over the G. I. P. Railway had not been availed of to any extent. They felt that the demand for insurance of treasure by the railways was negligible as this business was already handled by Insurance Companies.

(7) **Railway Freight on Cotton:** The Commissioners observed that the manipulation of railway rates to meet price fluctuations would not be a sound policy and that if any reduction in freight for cotton were to be made, the loss in revenue would have to be made good by corresponding increases in the freight on other commodities. They stated that the position had already been fully explained in Railway Board's letters of December 1937 and March 1938 to the East India Cotton Association.

APPENDIX 17

Railway Rates Advisory Committee Commercial Panel

Letter No. 6928T dated 6th July 1938 from the Railway Board to Chamber.

I am directed to state that the expeditious disposal of cases referred to the Railway Rates Advisory Committee for enquiry, is frequently prejudiced by a delay in the selection of the Commercial Member. This is consequent on some of those on the panel for selection, when written to, not being available because either they have left the country or are unable then to accept nomination. I am to ask, therefore, that when circumstances arise which would preclude gentlemen who are on the panel from accepting nomination, the Railway Board may be advised to delete his name from the list: a copy of the letter being at the same time forwarded for information to the Secretary of the Committee, No. 1, Council House Street, Calcutta.

2. I am further to say that the Railway Board propose to publish in the *Gazette of India*, dated the 30th July, 1938, the names of gentlemen on the panel for the selection of the Commercial Member and unless they hear from you to the contrary, the names to be published, so far as your Chamber is concerned, will be those communicated by you in reply to the Railway Board's letter No. 1679, dated the 10th August 1937.

Letter No. 2104 dated 20th July 1938 from Chamber to the Railway Board.

With reference to your letter of the 6th instant, No. 6928-T, my Committee have noted your remarks in paragraph 1 thereof.

As regards the Chamber's representatives on the panel, I am to request you to substitute the name of the Honourable Sir Rahimtoola M. Chinoy, Kt., in place of Mr. M. C. Ghia. Thus the names of the following gentlemen are to be published in your proposed notification in the *Gazette of India* dated 30th July, 1938 :—

(1) Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.,
(2) Mr. Manu Subedar, M.L.A.,
(3) Sheth Mathuradas Vissanji,
(4) The Hon'ble Sir Rahimtoola M. Chinoy, Kt., and
(5) The Hon'ble Sir Phiroze C. Sethna, Kt., O.B.E.

Letter No. 19 dated 5th January 1939 from Chamber to the Railway Board.

With reference to my letter No. 2104, of the 20th July 1938, my Committee have nominated Mr. Kapilram H. Vakil, M.Sc. Tech. (Manch.), F.I.C., M.I. Chem., F.I.A.S. (Navsari Building, Hornby Road, Fort), Bombay, on the Commercial Panel of the Railway Rates Advisory Committee, in the vacancy caused by the death of Sir Phiroze C. Sethna.

APPENDIX 18

The Indian Railway Act (Amendment) Bill (Minimum and Maximum Rates)

Letter No. 427/36 dated 25th March 1938 from the Government of Bombay to Chamber.

With reference to the debates of the Legislative Assembly of the 9th February 1938, I am directed to forward herewith copies of the papers noted in the margin* (not printed) and to request that Government may be favoured with an expression of your Chamber's opinion on the provisions of the above Bill as early as possible.

*(1) Bill as introduced with the Statement of Objects and Reasons.
(2) Extract from the Legislative Assembly Debates dated 9th February 1938 regarding the Bill.

Letter No. 1199 dated 20th April 1938 from Chamber to the Government of Bombay.

I beg to send you hereby the views of the Committee of this Chamber, in reply to your letter of the 25th March, 1938, No. 427/36-Ry.

The Bill, in question, on the face of it, appears to be inoffensive, containing, as it does, only two sections; only one of which is really operative. Fixing of maxima and minima rates by the Railway Board has been now in vogue since the last 40 years, and so apparently there might be no objection to recognising what was a convention to be placed on the statute-book. The real question is, however, why the convention which has been allowed to go on for all these 40 years should now be attempted to be placed on the statute-book. My Committee are not convinced of the justification given in the Statement of Objects and Reasons. The Federal Railway Authority has not yet been instituted, and it may take a long time before it will be so. There is a strong public opposition to the proposed inauguration of the Federal Railway Authority, and my Committee, therefore, are not prepared to approve of this inaugura-

tion of the Federal Railway Authority by compartments, as it were. While the whole scheme is in a flux, it may not be deemed advisable to give statutory recognition to one or two activities of that Authority, which is yet to come.

Under these circumstances, my Committee are opposed to this Bill, and hope that the Government of India will be pleased to withdraw it, instead of pressing it before the Legislature.

APPENDIX 19

Shortage of Wagons for the Transfer of Coal

Letter No. 2174 dated 13th January 1938 from the Secretary, Coal Wagon Supply Committee to Chamber.

I am directed to enclose herewith 2 Notifications * sent to the press requesting all Public Utility Concerns and other consumers to communicate with the Committee stating the exact nature of their concerns, the amount of coal on hand and their average monthly consumption with particulars of Collieries in order to facilitate wagon supplies for loading coal at times when there are not sufficient wagons to meet all requirements in full.

I shall be glad if you will please ask all the constituent members of your Chamber to supply the Coal Wagon Supply Committee with similar information immediately so that help may be given in regulating wagon supplies in times of emergency.

Letter No. 395 dated 3rd February 1938 from Chamber to the Secretary, Coal Wagon Supply Committee, Calcutta.

My Committee have received complaints from coal merchants about difficulties caused by the shortage in the supply of wagons for the transport of coal. They have also been informed that certain industries have been put to inconvenience due to the inability of the merchants to supply coal in time on account of such shortage. In this connection, they

* Not printed.

have received copies of the two notifications issued by you on the 13th January from which it is evident that the matter is engaging your attention. My Committee would request you to look into the matter fully and make adequate arrangements for the timely supply of all requirements of wagons so that coal merchants and consumers of coal may not have any occasion for complaint or grievance on this question.

Letter No. 6520 dated 9th February 1938 from the Secretary, Coal Wagon Supply Committee to Chamber.

With reference to your letter No. 395 dated the 3rd February 1938, I am directed to inform that the question of wagon shortage is receiving careful attention of my Committee. They have extended the restriction imposed on supplies to Public Utility Concerns for further two weeks from 1st instant in order that more wagons may be available for loading coal for other concerns. It is however not possible to make full supply of wagons during the period of shortage but every endeavour is being made to make as many wagons available as possible.

APPENDIX 20

Provision of Refrigerated Vans for Perishable Goods

Letter No. 1831 dated 21st June 1938 from Chamber to the General Traffic Manager B. B. & C. I. Rly., Bombay.

I am directed by the Committee of this Chamber to address you on the question of the necessity for providing refrigerated transport facilities over your Railway for perishable articles, particularly for butter.

It may be mentioned that my Committee had recently occasion to address the Imperial Council of Agricultural Research in this matter and they were advised by the Council that this question should primarily be discussed with the Railway administration concerned.

The report of Dr. Wright on the development of cattle and dairy industry of India referred to the question of trans-

port facilities for milk, and in page 24 thereof suggested the introduction of the use of refrigerated vans for the purpose. The Report pointed out that artificial refrigeration would be of great value in the transport of milk over long distances from producing areas to large cities. The above remarks of the Expert apply equally to the transport of milk products, such as butter. As you are aware there are centres producing milk and milk products in large quantities on the Gujerat side and particularly at Anand, where there is a Dairy. The problem of getting adequate supplies of milk and butter from the producing centres to the City of Bombay has in the past engaged public attention and the chief difficulty found was that of the absence of refrigerated transport facilities.

It has been suggested to my Committee that in the absence of particulars regarding the probable trade and traffic in milk and milk products and such other perishable articles the Railways would be reluctant to consider the question of introducing the system of refrigerated vans, as provision of such vans would be costly. It must be pointed out that without the existence of such facilities, it would not be practicable to form any estimate of the likely traffic ; but my Committee are given to understand that if the facility is introduced the necessary traffic may in due course be forthcoming. Already my Committee understand, Messrs. Polson Manufacturing Company are bringing in a fairly good quantity of butter and if proper refrigeration arrangements are provided, the traffic in fresh butter is likely to increase considerably. The same results can be expected of other perishable articles such as fruits and vegetables and my Committee feel that the time has arrived when a start should be made in this direction.

This question has also to be examined from the larger consideration of public needs and public health and the question of initial cost should not weigh unduly with your Railway administration.

My Committee, therefore, suggest that this matter be examined and that early arrangements for the provision of refrigeration facilities be made over your Railway.

Letter No. ME 6/A/11 dated 27th June 1938 from the General Traffic Manager B. B. & C. I. Rly., Bombay to Chamber.

I have to thank you for your letter No. 1831 dated the 21st instant on the above subject, and to state that this matter has already received and is continuing to receive the attention —not only of the Railway Administration,—but also of the Railway Board, who consider that wherever there is a demand, the Railway Administrations should provide insulated vans of an approved design, for the exclusive use of cold storage concerns on the following terms and conditions :—

(*i*) That the general terms of the contract should not cover a period in excess of * ten years ;

(*ii*) That the client shall be required, at his own expense to :—

(*a*) instal, maintain and operate the refrigerating machinery and electrical equipment which shall be of an approved design ;

(*b*) instal and maintain the insulated body other than the body shell to be provided by the Railway Administrations.

(*iii*) That the client shall pay a fixed annual charge of Rs. 850|- per annum per vehicle to cover interest, depreciation, and charges for maintenance and repairs to the underframe wheels and axels and the steel shell of the body of the van ;

(*iv*) that the client shall pay haulage charges at six annas per mile per vehicle whether loaded or empty ; the contract should provide for a possible revision of this charge within a period not exceeding * ten years ;

(*v*) that two attendants shall be allowed to travel free in each van ;

(*vi*) that Government shall have the option, if they so desire of withdrawing the vans from the exclusive use of the client after a period of * ten years

* In the case of B. B. and C. I. Railway the contract will have to be upto 31st December 1941.

in the first instance, and subsequently on giving two years notice to the client ;

(*vii*) that no charge will be made for stabling the vans when they are not in use, apart from the fixed annual charge referred to in item (*iii*) above ; and

(*viii*) that the client will be permitted to operate the vans on any route which he may desire.

2. So far as this Railway is concerned, we did experiment with two insulated vans which were built as far back as 1918. For about a year after their construction, these vans were utilised for transporting milk and cream from Nadiad to Bombay. At that time, considerable quantities of these commodities were being brought to Bombay from Nadiad on account of the prevailing war conditions. Thereafter, there has been no demand for the two insulated vehicles. Attempts were made to utilise them for the conveyance of Betel leaves from Bassein Road to Delhi, but unfortunately this too had to be abandoned, as it was found that the atmosphere of the insulated vans caused the leaf to deteriorate. Thus the two vans built by this Railway years ago practically did nothing and had consequently to be given up.

3. Lately, this question has been again taken up at the instance of Messrs. Polson Manufacturing Company who were advised of the terms and conditions (as quoted in para 1 above) on which Refrigerated Vans can be built by Railways operating in India. Two Drawings of Refrigerated Vans built by the M. and S. M. Railway for Messrs. Spencer & Co., were obtained and sent to the Sales Manager of Messrs. Polson Manufacturing Company, from whom I am now awaiting a further communication.

4. I am not sure if you are aware that the Bombay Government have launched on a scheme for developing all that area near Palghar and Kelva Road Stations into large cattle breeding farms capable of producing something like 70,000 lbs. of milk per day, which will all be supplied to the City of Bombay. The question of providing suitable Road Vans for the transport of this milk is being gone into, but the

Government Live Stock Expert at Poona has stated in this connection as follows :—

"The milk will be despatched in proper milk churns of "50, 100 and 200 lbs. net capacity.

"The milk itself will not be accompanied, but it is pos- "sible men may travel on the same train.

"Actual refrigerator cars will not be necessary. All that "will be required is a wooden wagon insulated with say "celotex, Helerkite or some such insulating material.

"The wagons may be provided with shelves starting at "about 3 ft. in height, this would enable all the floor space "being occupied by the large containers and the shelves or "racks utilised for the smaller containers, such as brass pots, "etc., usually used by the Gowli."

5. From the above details, you will see that all that is required in this matter is already being done with a view to facilitate the transport of milk and other perishable products for the town of Bombay.

APPENDIX 21

Railway Siding at the Alembic Chemical Works at Baroda

Letter No. 2781 dated 29th September 1938 from Chamber to the Agent B. B. & C. I. Rly., Bombay.

The Alembic Chemical Works Co., Ltd., Baroda, who are members of this Chamber, have forwarded to my Committee copies of their correspondence with you on the above subject ending with your letter No. S. 14-C 6|38 of the 11th August 1938. It appears that you are proposing to the Alembic Chemical Works Co., Ltd., altered terms of agreement for the continuance of the siding facility, under which the charges would be much higher than those paid by the Company hitherto. The siding was constructed in 1924 and the basis of the payments to be made by the Company for the facility was determined at that time. In the first place my Committee do not see any reason as to why the Railway has thought it

necessary or fit to reconsider the matter at this stage and to revise the terms for continuing the agreement.

It would be interesting to know if it is similarly proposed to revise the terms of the agreements with all the parties to whom your Railway has granted siding facilities. If such a general revision is under contemplation my Committee would like to know whether the terms are uniform for all parties and whether any standard rules have been laid down governing the question of siding facilities and the charges therefor.

At all events my Committee feel that the changes proposed in the revised terms of agreement are such as would add considerably to the charges payable by the Company for the siding facility. Under existing arrangements the maintenance of the permanent way materials, etc., of the siding is to be carried out by the Railway at its cost and the maintenance of the permanent way materials, etc., of the extension is to be carried out by the Company or by the Railway at the cost of the Company. Under the revised terms, the Railway reserves to itself the maintenance work, charging the Company as interest and maintenance charges a sum calculated at 10½ per cent on the Railway's share of the cost of siding within railway limits and also the payment by the Company of the cost of materials used for the maintenance of the permanent way of the extension together with an annual payment of a sum calculated at 3½ per cent on the total cost incurred, in providing permanent way materials from the commencement up-to-date as labour charges for maintenance. The construction necessary for the siding was completed long ago and no fresh expenditure is to be incurred by the Railway at this stage. My Committee therefore fail to understand the provision for an annual payment of interest. In any case the rate proposed namely, 10½ per cent is, having regard to the existing money market conditions, unconscionably high. While under the old arrangement in which the charges payable by the Company never exceeded Rs. 100|- under the proposed arrangement they will have to pay more than Rs. 1,700|- for the first year and increasing amounts for subsequent years. My Committee consider the revised proposals involving such a great additional burden on the Company as unfair.

Requests have been made recently that Railways should reduce their charges on various commodities in order to assist trade and industry. The Pharmaceutical industry has also asked for certain concessions in respect of railway charges. At such a time the proposal to impose an additional burden in the form of increased charges for siding facilities on a Company interested in the industry was, to say the least, unexpected.

It is also pertinent to point out that the provision of railway siding is an advantage in the handling of traffic not only from the point of view of the users of the railway system but from the point of view of the Railway itself. Such sidings help to minimise the congestion in the Railway yards at the stations concerned and save the Railway from the obligation to keep a watch over the traffic originating and terminating in such stations, for and on behalf of the party concerned. The sidings further bring about certain savings in the haulage charges and facilitates shunting and other traffic operations incidental in the handling of the goods originating from or terminating at the siding. My Committee therefore submit, that it is, as much in the interest of the Railway Company as in that of the applicants to encourage the system of railway siding wherever traffic considerations justify the same.

In view of the above considerations my Committee recommend that the Railway should abandon the proposal to enhance the charges for the siding of the Alembic Chemical Works Co. Ltd., and keep in force the existing agreement for the purpose.

Letter No. S14 C6/38 dated 6th January 1938 from the Agent B. B. & C. I. Rly., Bombay to Chamber.

With reference to the correspondence ending with your letter No. 3447 dated the 14th December 1938, I beg to state that on reconsideration the question of revising the existing agreements for Railway sidings has been dropped and the papers are filed.

APPENDIX 22

Speeding up the Transit Time of Goods Traffic

Letter No. Co. 123/37 /Gene. dated 29th July 1938 from the General Traffic Manager B. B. & C. I. Rly., Bombay to Chamber.

I beg to inform you that after careful preliminary investigations, we have entirely reorganised our system of dealing with goods consignments in less than wagon loads in order to provide an accelerated service. Briefly the old system was to load up such consignments in Transhipment Road Vans, which were placed on the transhipment platform line at Transhipment stations such as Bulsar, Baroda, Ajmer, etc., where the traffic was re-packed and sent forward to destination. The delays which took place at these Transhipment stations resulted in the transit time of small consignments largely exceeding that of full wagon loads, and all efforts to quicken up the movement of these small consignments so as to get them to destination in the same time as full wagon loads having proved abortive, the old system has now been entirely abandoned.

Under the above system, packages are loaded in sectional vans, instead of in Transhipment Vans, these sectional vans are attached to a van goods train, which runs throughout the day and night and is accompanied by travelling clerks and hamals, who carry out on the train, the sorting and re-packing work formerly done at the transhipment stations, thus eliminating entirely the delays which previously occurred through placing the vans in the transhipment sheds.

The results of this complete reorganisation have been remarkable. In the case of small consignments travelling a short distance, there has been a saving of 24 hours, while in the case of the longer distance traffic the saving in time has been proportionately higher because several intermediate transhipments have been eliminated.

For example consignments are reaching Beawar from Ahmedabad in two days instead of six and the transit time of consignments moving between Delhi and Indore has been reduced to six days. Goods consigned in Bombay are being

given next day delivery as far as Sachin, second day delivery from Surat to Anand, and third day delivery from Anand to Ahmedabad.

Merchants all over this Railway have expressed their appreciation of the speeding up of traffic so far effected, and still greater improvements are anticipated. In the introduction of a complete reorganisation of this nature on a railway system nearly 4,000 miles in length, it is natural that numerous difficulties and obstacles arose, but these are being satisfactorily solved.

APPENDIX 23

Rates for Cotton to Cawnpore

Telegram dated 24th November 1937 from Chamber to the Railway Board, New Delhi.

Committee Indian Merchants' Chamber protest against recent notification issued by North Western and East Indian Railways announcing reduction in railway freight on cotton consigned to Cawnpore under certain conditions. Committee while they have already pressed for a general reduction in freight for cotton cannot but condemn this particular announcement which is discriminatory in character and which will drive out smaller men from the trade and which threatens to oust particularly Indians in its indirect effects from the trade. These reductions will not help cotton growers but will help only certain highly placed middlemen and as such should not be supported. Said notification introduces a policy which has sinister implications and Committee appeal Railway Board to get it withdrawn.

Inchambu.

Letter No. 7146-T dated 10th May 1938 from Railway Board, Simla to Chamber.

With reference to your telegram dated 24th November 1937, protesting against the rebate arrangement notified by the North Western and East Indian Railways, I am directed

to enclose, for information, a copy of the Railway Board's letter No. 7146-T dated the 5th May 1938, to the address of the Secretary, East India Cotton Association, Bombay.

Copy of Letter No. 7146-T dated 5th May 1938 from the Secretary Railway Board, Simla, to the Secretary East India Cotton Association Ltd., Bombay.

With reference to your letter No. 1517|G-411, dated the 22nd November 1937, conveying your Board's protest against the action of the North Western and East Indian Railways in notifying a rebate of 20 per cent on the freight on cotton booked from stations on certain sections of the North Western Railway, I am directed to state that it is observed objection has been taken :—

(*i*) to the rebate being given only on consignments booked to Cawnpore, as it discriminates between various competing centres ;

(*ii*) to the condition of a minimum weight of 75,000 maunds being despatched within a specified period, as it discriminates between large and small despatchers.

2. As regards (*i*) above, I am to say that, whilst the existing arrangement continues in force, the Railways concerned are prepared to allow a rebate on the freight charges for despatches to other centres where conditions warrant it, e.g., Delhi and Morar Road, to which stations the rebate arrangement has since been extended.

3. In regard to the second point, to which objection has been taken, I am to say that the imposition of the minimum weight condition was coupled with the suggestion that no traffic would be despatched by any other means of transport, and that this condition has commended itself to several other firms who have entered into a similar agreement as that to which your Association have objected. The arrangement is, however, of an experimental nature introduced with the object of testing the possibilities both of regaining to the rail, traffic which had been diverted in increasing quantities to the road and of assisting the cotton trade. The Agents, East Indian, Great Indian Peninsula and North Western Railways will, in

due course, review the position, and should they find that the results achieved by the rebate arrangement during the current cotton season have not been commensurate with the object for which it was designed, it will be allowed to lapse automatically at the end of August next.

Letter No. 1585 dated 28th May 1938 from Chamber to the Secretary Railway Board, Simla.

I am directed to acknowledge receipt of your letter No. 7146-T, dated 10th May, 1938, giving cover to a copy of your letter dated 5th instant, No. 7146-T, to the East India Cotton Association.

With regard to rebate being given only on consignments booked to Cawnpore, you state that whilst the existing arrangement continues in force, the Railways concerned are prepared to allow a rebate on the freight charges for despatches to other centres where conditions warrant it, e.g., Delhi and Morar Road, to which stations the rebate arrangement has since been extended. This concession cannot be deemed satisfactory at all. If you will refer to the original letter of the East India Cotton Association and our telegram on the subject, it will be found that the Association representative of the cotton interests of this Presidency had taken very strong objection to a differential and discriminatory treatment adopted by the N.W. and E.I. Railways. While the Commercial interests have asked for a reduction of freight rates for cotton, their demand cannot be met by such piecemeal doles issued by one or two railways. Such doles cannot solve the problem at all and are to be rather condemned as being discriminatory in character. The natural question arises if the rates to Cawnpore and one or two other stations are reduced, why should not the rates for other stations in the interior also be similarly reduced.

With regard to the second point, the main objection, which both the East India Cotton Association and my Committee had taken, was against the fixing of a minimum weight condition, which would tend to prevent small consignors from taking advantage of the concession of low rates. It appears that this condition is still kept up there. The fact that some other firms have taken advantage of this condition does not,

in any way, take away the objectionable character of the concession. It is mentioned in your letter that the arrangement was introduced as a measure of competition with the Road traffic. My Committee, however, are of opinion that such a measure of competition with the Road traffic will not find favour with the commercial community, who naturally are the best customers of the Railways. The Road traffic gives facilities and amenities to all, whether large or small customers, and the Railways giving a preference to large consignors only indirectly induces rather the traffic offered by the small consignors to be diverted to Roads. Under the circumstances, my Committee feel that the action taken by the N.W. and E.I. Railways was wrong, both in principle and practice, and hope that a general reduction in the rates for cotton without coupling it with any such condition would be announced forthwith.

APPENDIX 24

Railway Freight on Cotton from Bombay to Ahmedabad

Letter No. 226 dated 24th January 1938 from Chamber to the General Traffic Manager B. B. & C. I. Rly., Bombay.

The Committee of this Chamber understand that the freight on cotton from Bombay to Ahmedabad over your Railway is going to be increased shortly. It appears that upto 1934 the freight on cotton was Rs. 1-1-6 per maund. In that year, however, it was reduced to Rs. 0-8-5 per maund, to meet the situation arising out of the diversion of traffic via Bhavnagar. This reduction was first made for a period of six months and subsequently continued from time to time for fresh periods of six months. On 1st January this year, however, the reduction has been extended only for a period of one month. My Committee would like to be advised of the reasons which led your Company to extend the reduction on this occasion only to one month instead of six months as previously.

My Committee would also like to enquire whether the report that it is the intention of your Railway to discontinue the reduced rate with effect from 1st February 1938 is correct, and, if so, what were the reasons which led you to come to this

decision. As the period of the present reduced rate will expire by the 31st instant, it is requested that your reply to this letter may please be sent before that date.

Letter No. R.67/32-A dated 29th January 1938 from the General Traffic Manager B. B. & C. I. Rly., Bombay to Chamber.

I beg to state that, with effect from 1st February 1938, Cotton (raw) full-pressed and half-pressed from Bombay to Ahmedabad will be charged Re. 0-14-0 per maund. A copy of this office letter No. R. 67/32-A/75 dated 11th January 1938* issued to all concerned is enclosed for your information.

The enhancement in the rate was effected after careful investigation which revealed the fact that cotton was not being imported through the Kathiawar Ports. I may state that the ordinary rate is Re. 1-1-5 per maund so that even the enhanced rate will represent a reduction of Re. 0-3-5 per maund.

Letter No. R.67/32/A/84 dated 19th February 1938 from the General Traffic Manager B. B. & C. I. Rly., Bombay to Chamber.

With effect from 19th February 1938, the following revised reduced rates will apply for Cotton (raw) from Bombay. These will cancel the existing reduced rates shown below :—

To	For Cotton (raw), full pressed, i.e. cotton pressed to 30 lbs. per cubic foot and upwards.		For Cotton (raw), half-pressed, i.e., cotton pressed to 22 lbs. and above but under 30 lbs. per cubic foot.	
	Revised reduced Rates Per maund	Existing reduced Rates cancelled Per maund	Revised reduced Rates Per maund	Existing reduced Rates cancelled Per maund
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Baroda ...	0 14 0	—	0 14 3	—
Petlad ...	0 13 4	—	1 0 1	—
Cambay ...	0 14 11	—	1 1 1	—
Nadiad ...	0 11 1	—	0 15 1	0 15 11
Ahmedabad, Asarva or Kankaria	0 8 6	0 14 0	0 12 6	0 14 0
Viramgam ...	0 12 2	1 1 8	1 0 2	1 1 8
Kalol ...	0 9 4	0 14 10	0 13 4	0 14 10
Via Kalol ...	0 8 8	0 14 2	0 12 8	0 14 2
Siddhpur ...	0 11 1	1 0 7	0 15 1	1 0 7

* Not printed.

2. The rate for Cotton (raw), half-pressed, i.e., cotton pressed to under 30 lbs. per cubic foot, from Okha to Ahmedabad via Rajkot and Wadhwan, is Re. 0-11-1 per maund and as African cotton is generally imported in half-pressed bales it is chargeable at this rate when consigned from Okha.

Letter No. 643 dated 25th February from Chamber to the General Traffic Manager B. B. & C. I. Rly., Bombay.

In am directed by my Committee to acknowledge receipt of your letter No. R. 67|32|A|84 dated the 19th February 1938, communicating to them the revised reduced rates applicable for cototn (raw) from Bombay with effect from 19th idem and thank you for the same.

In this connection, my Committee would like to suggest that in future, before making such changes in rates, particularly before increasing them, it would be of advantage to your railway administration to have the views of commercial bodies on the relevant proposals. In this case, if such opinion had been taken beforehand the railway administration would have been saved the inconvenience and perhaps confusion consequent upon quick decisions for increasing and reducing the freight rates. Such a procedure of previous consultation would also eliminate chances of any grievances against the railway that they were taking the trade in such matters by surprise. My Committee, therefore, recommend that in future proposals involving variations in rates should be circulated for commercial opinion before the railway administration takes a definite decision on the same.

APPENDIX 25

Railway Freight Rate on Dry Ice

Letter No. 1245 dated 24th April 1938 from Chamber to the Chief Traffic Manager B. B. & C. I. Rly., Bombay.

My Committee have received a communication from a member-firm complaining about the high scale of freight charges on dry ice over your railway. There is a special tariff for wet ice which is on a graded scale, with varying rates for different distances and for varying weights ; but dry ice is not

allowed to be transported on the basis of this tariff. Although, because of the differences in the basis for charging freight on the two categories of ice, a ready comparison of the rate for the one with that for the other is not possible, the disparity between the two rates is very striking.

My Committee understand that the G.I.P. Railway is allowing dry ice to be carried at 1|3rd the parcel rate, while on your railway the same is charged at half the parcel rate. My Committee are unable to appreciate this difference in rates and they suggest that at least the rates should be made uniform over both the railways. They, therefore, urge that your rates must be reduced to the level of the G.I.P. Railway rates and that dry ice should be accepted at 1|3rd the parcel rate.

The manufacture of dry ice in the country is a new industry and its development is dependent on the possibility of marketing the same in consuming centres at economic prices. Here transport charges play an important part and unless such charges are adjusted to a level the incidence of which would not prove to be a burden on the commodity, the use and distribution of dry ice in other centres will be made impossible. If by reduced rates the movement of dry ice is facilitated, it will also mean a new traffic for the railways.

My Committee therefore hope that B. B. and C. I. Railway will be pleased to consider this matter favourably and suggest that in any event the rate should be reduced at least to the G. I. P. Railway level.

Copy of Letter No. R.53/21-B/12 dated 30th August 1938 from the General Traffic Manager B. B. & C. I. Rly., Bombay to the Alembic Chemical Works Co., Bombay.

With reference to your letter No. 5065 dated 10th March last, I beg to state that this matter has been gone into carefully and I regret I am unable to charge dry ice at less than the existing reduced rates, viz., ½ parcel rates. I may add that my enquiries show that, except for the fact that wet ice and dry ice may be used for the same purpose, there is little similarity between the two, that dry ice is very much more expensive than wet ice and that comparatively a much smaller weight of the former is required to be used.

It is true that the G. I. P. Railway quoted, as an experimental measure, 1|3rd parcels rates for dry ice from Bombay to Poona, Sholapur and Nasik but they have informed me that so far the results have not been encouraging.

APPENDIX 26

Railway Freight on Groundnuts from Tandur to Bombay

Letter No. 3230 dated 21st November 1938 from Chamber to the Chief Traffic Manager G. I. P. Rly., Bombay.

My Committee are informed that recently the M. and S. M. Railway has reduced its rate on Groundnut seeds from Rs. 0-13-8 to Rs. 0-11-1 per maund from Tandur to Coconada. The rate from Tandur to Bombay has remained at Rs. 0-14-8 per maund, the distance between Tandur and the two Port stations being almost the same. There is a good groundnut traffic from Tandur to Bombay. Merchants interested in the export of groundnuts from Bombay have received advices to the effect that in view of the inducement in the form of a lower rate from Tandur to Coconada, a good portion of this traffic is likely to be diverted to that Port. My Committee feel that fears of such a diversion of traffic are justified and in order to counteract any such possibility, it is necessary that the G. I. P. Railway should immediately announce a corresponding reduction in the rate from Tandur to Bombay. The case for such a reduction is strengthened by the consideration that the distances concerned are almost the same. My Committee therefore hope that both in the interest of preserving this traffic to the G. I. P. and of preserving the export trade to this Port and to merchants in Bombay, you will see your way to announce the reduction forthwith.

Letter No. RC3/1728 dated 23rd January 1939 from the Chief Traffic Manager G. I. P. Rly., Bombay to Chamber.

I beg to advise you that the question of reducing the existing rate for groundnuts from Tandur to Bombay has been fully considered and it is regretted no reduction can be made in the existing rate.

APPENDIX 27

Railway Freight on Coconut Oil

Letter No. 1214 dated 20th April 1938 from Chamber to Mr. R. P. Masani, Representative of the Chamber on Local Advisory Committee on B. B. & C. I. Rly., Bombay.

The accompanying letter (copy) from Messrs. Ahmed Oomerbhoy was considered by the Committee of the Chamber at their last meeting and it was decided to refer the matter to you for such action as you may consider possible. The main issue is the diversion of traffic from Bombay by the inducement of a lower rate by railways serving competing sources of supply. In this connection, I am sending to you herewith the annual report of the Chamber for the year 1935 and would draw your attention to page 219 where the correspondence on a similar complaint in that year is reproduced.

Letter dated 11th April 1938 from Messrs. Ahmed Oomerbhoy, Bombay to Chamber.

We have been clamouring since a very long time with the authorities of the B. B. and C. I. Railway, to reduce the present rates of coconut oil from Bombay to Delhi which it at present Rs. 1-6-4 per maund, adjusted with the N. W. Railway, for the bookings of same commodity from Karachi to Delhi. Since last three months bookings from Bombay is entirely stopped and we enquired with our Delhi friends the reason for the same. They state that a special reduced rate from Karachi to Meerut is introduced at Rs. 1-2 per maund, and from thence the booking is taken either by rail or road at 0-2-7 which is about 0-4-0 less than the adjusted rates. We brought this matter to the notice of the B. B. and C. I. Railway on or about the 8th ultimo and have agitated to adjust their rates to Delhi accordingly otherwise traffic from Bombay will not only hamper but the trade will naturally divert to Karachi, but unfortunately they could not do for nearly a month elapsed.

We shall thank you therefore to place this matter before your Committee and get our grievances redressed immediately.

Besides the above, we are given to understand by our Amritsar friends that N. W. Railway is further contemplating

to reduce their present adjusted rates on coconut oil from Karachi to Amritsar from Rs. 2-0-4 to Rs. 1-9-0 and if the same is done without any due knowledge or consultation with the B. B. and C. I. Railway and if these authorities neglect like the above case, this will be another blow to the trade of Bombay.

We find it imperative to move this matter also together with the above so that Bombay Millers will have not to wait for development till the matter turns into worse.

Letter dated 11th May 1938 from Messrs. Ahmed Oomerbhoy, Bombay to Chamber.

With reference to your complaint regarding disparity of Railway freight from Bombay to Delhi and Karachi to Delhi and our subsequent meeting with Mr. Masani, we are now pleased to inform you that we have received a letter from The Agent, North Western Railway, Lahore, that they have enhanced the Railway freight from Karachi to Meerut Rs. 1-2-4 to Rs. 1-6-4 from the 5th instant.

We have similarly received a letter from The General Traffic Manager, B. B. and C. I. Railway, Bombay, and the matter is now settled.

We thank you for the co-operation, we have received in pushing the matter.

APPENDIX 28

Railway Freight on Soaps

Letter No. 2328 dated 12th August 1938 from Chamber to the Secretary Railway Board, Simla.

The attention of my Committee has been drawn to the decision of the Indian Railway Conference Association, approved by the Railway Board, to raise the freight classification on soaps from 2 R.R. to 2-A R.F., i.e., from .42 pie per maund to .46 pie per maund per mile. This means an increase of about 10 per cent. In this connection it may be pointed out that in the year 1936 when the question of increasing freight

charges for over 200 commodities, among which soap was one, was under the consideration of the Indian Railway Conference Association, my Committee had protested against the proposal. They therefore regret that, inspite of such a protest, the railway authorities should have decided to impose this enhanced rate on the soap traffic.

Soap is an article of daily necessity. Recently due to the establishment of soap factories in the country the prices of soap have been brought down considerably, enabling the consumers, particularly the poorer classes, to get their requirements of soaps at cheaper rates. The decision of the Railway Board now to increase the classification will deprive the consumer of this advantage and tend again to raise the prices. It has been pointed to my Committee that due to competition, both internal and external, the margin of profit in the prices at which soaps are sold is very low and an increase in transportation charges cannot but be transferred to the consumer by a corresponding increase in prices.

My Committee understand that, on the contrary, representations have been made on behalf of soap manufacturing interests for a reduction in the classification for soaps and it was understood that the same was receiving the attention of the Railway Board. At such a time the proposal to actually increase the rate is ill-conceived and has come as a surprise to the interests concerned.

Another important consideration is that the soap industry in the country is of recent origin and is slowly gaining strength. It has often been the claim of my Committee that in the matter of fixing railway rates, the needs and requirements of the economic and industrial conditions of the country should be taken into consideration. The railways by their freight policy can make or mar the future of an industry. There were occasions in the past when the Indian Tariff Board, while enquiring into the claims for protection of certain industries, commented adversely on the freight policy which militated against the free transport of the commodities concerned from the manufacturing end to market centres. This lack of consideration for the effect on a nascent industry or absence of a policy designed to foster industrial develop-

ment in the country on the part of railway authorities is again illustrated by the recent decision to increase freight on soap. It is pertinent to point out that the said decision would place Indian soaps in a position of disadvantage vis-a-vis imported soaps, particularly at port centres and markets near about. While the transport charges from the manufacturing end to such centres will thus be increased, the steamer freight remaining the same, the imported soaps will have the advantage of an indirect price preference brought about by the increase in classification. This aspect makes the decision to raise the rate all the more objectionable.

My Committee therefore request that the Railway Board should, in the interest of the indigenous soap industry particularly and of the consumers of soap generally, be pleased to revise their decision and restore the original classification, namely, 2 R.R.

Letter No. 7010-T dated 29th August 1938 from the Secretary Railway Board, Simla to Chamber.

With reference to your letter No. 2328 dated the 12th August 1938, I am directed to state that, in the absence of detailed particulars of despatches of soap generally from manufacturing centres to all consuming markets, the Railway Board are unable to understand how a freight rate of 0.46 pie per maund per mile, which is the maximum rate chargeable under the revised classification of 2-A, at railway risk, as against the maximum of 0.42 previously permissible, can operate to the disadvantage of the indigenous soap industry.

2. As the Committee of your Chamber are aware, the prescription of a maximum rate, which is all that is intended by the classification of a commodity, does not preclude any Railway Administration from charging rates on an appreciably lower basis than the maximum, if satisfied that circumstances call for such lower quotations. I am, therefore to suggest that soap manufacturing firms, who find that the existing rates to certain markets prevent the free movement of their output to such markets, might be advised to represent their case to the

Railway Administration concerned, to permit of consideration being given to the quotation of special station-to-station rates.

APPENDIX 29

Famine Conditions in Rajputana and Railway Concession for Transport of Fodder and Grass

Letter No. 3057 dated 5th November 1938 from Chamber to the Secretary, Railway Board, New Delhi.

Reports have reached my Committee about the prevalence of famine conditions in certain areas in the Jaipur State in Rajputana, and that the Jaipur Durbar has declared Shekhawati as a famine area. Efforts are being made by charitably-minded persons in Bombay and other places to send fodder for cattle in the stricken area and it would appear that applications for concession in railway freight for the carriage of such relief material have been made to the B. B. and C. I. Railway. My Committee find from a copy of a letter addressed to the B. B. and C. I. Railway by the Jaipur State Railway that that Railway has already granted certain concessions. Under the circumstances, my Committee would urge the Railway Board to take early steps for the grant of concessions in freight over the B. B. and C. I. Railway on carriage of commodities intended for alleviating distress in the famine areas above referred to and thus assist the relief operations.

Letter No. 2746-T dated 17th November 1938 from the Secretary Railway Board, New Delhi to Chamber.

With reference to your letter No. 3057 dated the 5th November 1938, I am directed to refer you to Rules 83 and 84 on pages 33 and 34 of the Indian Railway Conference Association's Goods Tariff No. 21 from which it will be seen that it rests with the Provincial Governments and Local Administrations to arrange with Railways for the introduction of special rates for the carriage of fodder during periods of fodder scarcity.

APPENDIX 30

First Class Return Railway Tickets from Bombay to Delhi

Letter No. 1234-35 dated 21st April 1938 from Chamber to the General Traffic Manager, G. I. P. Railway and the Chief Traffic Manager B. B. & C. I. Rly., Bombay.

It has come to the knowledge of my Committee that the East Indian Railway is giving concessions in the shape of cheaper First and Second Class Return Tickets for journey from Calcutta to Delhi and back. While the fare from Bombay to Delhi and back is Rs. 185-14 for a First Class Ticket, the fare for a similar ticket from Calcutta to Delhi and back is only Rs. 112 available for completion of the return journey within 30 days. A similar concession is granted for the Second Class. Thus the fares are :

	First Class.			Second Class.		
	Single.	Return.		Single.	Return.	
	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.	
Bombay to Delhi	92 15 0	185 14 0		46 7 0	92 14 0	
Calcutta to Delhi	74 13 3	112 12 9		37 7 9	56 3 9	

My Committee appreciate that there is such a concession introduced by the E. I. Railway for the First and Second Class travel. They regret that no such concession is upto now in vogue on the G. I. P. and B. B. and C. I. Railways. They request you to be pleased to introduce such concessions on your line also which will meet with a long felt want of the travelling public. They are quite sure that the same will result in greater travelling and consequently a better return to the railway company.

Letter No. RC. 1282-II dated 1st August 1938 from the Chief Traffic Manager G. I. P. Rly., Bombay to Chamber.

With effect from 1st September 1938, 1st and 2nd class cheap return tickets will be issued between Bombay, Byculla and Dadar on the one hand and Delhi and New Delhi on the other at the following fares :—

Class.	Fare per return ticket.
	Rs. a. p.
1st	139 7 0
2nd	69 11 0

2. Children over 3 and under 12 years of age will be charged half the above fares.

3. These return tickets will be issued in both directions.

4. Break of journey will not be allowed on these tickets.

5. These return tickets will be available for completion of return journey for 30 days from the midnight of the date of issue.

6. No refund can be claimed on these tickets in any circumstances.

7. These fares will remain in force upto 31st August 1939.

8. Necessary indents should be submitted to the C. A. O. Bombay for Printed Stock of Tickets.

9. The outward journey must be commenced on the date the tickets are issued but passengers purchasing tickets at Bombay (V.T.), Byculla or Dadar and Delhi for the purpose of reservation must commence their journey not later than the day for which they have reserved accommodation.

10. Passengers holding these tickets will be permitted to start or terminate their journey at any of the three stations, viz., Bombay (V.T.), Byculla or Dadar even though the name of one of these stations may be printed on these tickets. Charge for excess luggage will however, be made on the actual distance travelled.

Letter No. 2331 dated 12th August 1938 from Chamber to the Chief Traffic Manager G. I. P. Rly., Bombay.

I beg to acknowledge with thanks receipt of your letter No. RC. ,1282-II of 2nd August 1938, communicating the decision of your Railway to introduce first and second class concession return tickets between Bombay and Delhi with effect from 1st September 1938.

My Committee however find that one of the conditions proposed is that break of journey will not be allowed on those tickets. My Committee feel that such a restriction will stand in the way of concession being availed of to any large extent. Return tickets issued at the time of Easter and Christmas

holidays, etc., are not subject to such a limitation. There is no such restriction with regard to zone tickets issued recently. My Committee see no reason why in introducing this facility for travel between Bombay and Delhi the same should be hedged in by a condition which would necessarily restrict its scope. My Committee therefore request that break of journey should be allowed under those tickets.

Letter No. RC-1282-III dated 8th November 1938 from the Chief Traffic Manager G. I. P. Rly., Bombay to Chamber.

Your suggestion will receive my careful consideration when the results of this experiment are analysed.

Letter No. 3180 dated 17th November 1938 from Chamber to the Chief Traffic Manager G. I. P. Rly., Bombay.

I am directed to acknowledge the receipt of your letter No. RC-1282-III of the 8th instant on the above subject, which was considered by my Committee at their last meeting. You observe therein that their suggestions for allowing break of journey under the newly introduced 1st and 2nd class return tickets between Bombay and Delhi "will receive my careful consideration when the results of this experiment are analysed." The implication obviously is that you want to know how far the new concession is successful before extending its scope and utility by relaxing any of the conditions. It was, however, with the very object of improving and increasing the chances of success of the new scheme that my Committee had suggested that the inconveniences attached thereto in the nature of the bar on break of journey should be removed. If such breaks are allowed, my Committee feel that the new system will be availed of to a larger extent, thus ensuring a greater degree of success for the experiment.

My Committee, therefore, request that instead of waiting to survey the results of the new system, the Railway will be well advised to introduce the additional facility forthwith.

APPENDIX 31

Restrictions on the use of Mileage Coupon Tickets

Letter No. 463 dated 11th February 1938 from Chamber to the Traffic Manager B. B. & C. I. Rly., Bombay.

I am directed by my Committee to draw your attention to a difficulty in connection with the mileage coupon books issued for the benefit of the commercial travelling public. The point at issue in this case is the difficulty experienced by those coupon holders who have to pass through Kathiawar State Railways in the course of their journeys. In this connection, my Committee have received complaints to the effect that these railways do not recognise mileage coupons issued by your railway with the result that when such coupon holders have to travel by State Railways in the course of their journeys, they are put to much inconvenience in the matter of exchanging their coupons for railway tickets. It is presumed that when a coupon holder travels by a Kathiawar State Railway he has to buy an ordinary ticket as such railways do not recognise coupon books issued by your railway. At the termination of the territory of such railways the coupon holder, according to the rules under which such coupons are issued, has to exchange his coupons for a railway ticket. My Committee feel that such exchanging of coupons for tickets at stations, where the train may be arriving at inconvenient times, is a difficulty which may well be obviated if the State Railways can be persuaded to adopt the coupon book system.

In view of the above, my Committee beg to request you to be good enough to take up this matter with the Kathiawar State Railway authorities and persuade them to extend the facility of mileage coupon system to their railways as otherwise the coupon holders will continue to be put to much inconvenience as stated above and the object of giving facility to the business travelling public will not be served. If these railways are not agreeable to this suggestion at present, you will be kind enough to get them agree at least to giving tickets in exchange for coupons of your railway with a view to avoiding inconvenience to travellers.

Letter No. R/40/38 dated 12th March 1938 from the Traffic Superintendent G. B. State Railways, Baroda to Chamber.

I regret, Mercantile Coupons are not accepted on our railway.

There is, however, no objection to stations on the B. B. and C. I. Railway issuing through tickets to stations on this railway on recovery of due fares in cash for the portion of journey on this railway instead of Mileage Coupons.

APPENDIX 32

Charges for Air-Conditioned Coaches

Letter dated 26th March 1938 from Chamber to the Agent G. I. P. Rly., Bombay.

I have received a letter of complaint from the President, Indian Chamber of Commerce, Calcutta, with regard to the charge levied for travel by the air-conditioned coaches from Bombay to Calcutta. It is said that there is a surcharge of Re. 1|- per 50 miles over and above the ordinary first class fare and that the total of such an increase on the ordinary fare comes up to about Rs. 26|- per journey. The surcharge on the first class berth by air-conditioned coaches on the other hand by the B. B. and C. I. Frontier Mail from Bombay to Delhi is only Rs. 5 per journey. Even apart from the shorter distance from Bombay to Delhi, the charge from Bombay to Calcutta is really great and I should like to know the reasons why the charge for travelling by air-conditioned coaches over your railway is kept at so very high an amount.

Letter No. D.O.-15023-M/78 dated 11th April 1938 from the Agent G. I. P. Rly., Bombay to Chamber.

I am replying to your letter of 26th March about the surcharge for air-conditioned travel which I received on my return to Bombay yesterday.

2. The G. I. P. Railway charge is Re. 1|- for 50 miles or part of 50 miles ; the distance from Bombay via Chheoki to

Howrah is 1,349 miles and the surcharge amounts to Rs. 27|- for the journey.

3. The B. B. and C. I. Railway today charge Rs. 5|- Bombay to Delhi, 861 miles, but their charge from the 1st April will be Rs. 10|-. The Rs. 10|- charge will be equivalent to about 9 annas for 50 miles or part of 50 miles.

4. The surcharge is calculated to cover the cost of providing and maintaining these coaches over and above the cost of ordinary first class accommodation and the amount charged per passenger depends on the average number using the accommodation. I understand that the average on the Delhi run is better than on the Calcutta run.

5. The B. B. and C. I. Railway have fitted the air-conditioned equipment to their standard coaches, but the G. I. P. Railway coaches are of a special design with a corridor and a vestibule attachment to the dining-car so that all meals can be served in the air-conditioned coaches ; also, bedding is supplied and an attendant is employed.

6. The above mentioned differences in the Delhi and Howrah services account for the difference in surcharges.

APPENDIX 33

Inter-class Accommodation over the B. B. and C. I. Railway

Letter No. 1573 dated 15th May 1938 from Chamber to Mr. R. P. Masani, Representative of the Chamber on Local Advisory Board, B. B. & C. I. Railway, Bombay.

The accompanying letter from the Karachi Indian Merchants' Association * regarding provision of inter-class accommodation over all sections of the B. B. and C. I. Railway was considered by the Committee of the Chamber at their meeting yesterday and I was desired to forward this letter to you with a request that you will kindly take up the matter with the Local Advisory Committee of the Railway. You will kindly do the needful in the matter.

* Not printed.

Letter dated 17th November 1938 from Mr. Dhirajlal C. Modi, Representative of the Chamber on Local Advisory Board, B. B. & C. I. Railway, Bombay to Chamber.

Referring to your letter No. 1573, dated 25th May 1938, the question of inter-class accommodation was discussed at the Advisory Committee meeting today; the Agent has promised to provide direct inter-class accommodation and after the arrangement with the Jodhpur Railway is completed, inter-class carriages will be run on both the lines. He expects this to take place earliest from January 1939.

APPENDIX 34

Difficulties Experienced at Umreth Railway Station

Letter No. 3452 dated 15th December 1938 from Chamber to Mr. Dhirajlal C. Modi, Representative of the Chamber on Local Advisory Board, B. B. & C. I. Railway, Bombay.

I am sending to you herewith a letter in original* with enclosures received from the Grain & Seeds Merchants' Association, Umreth, regarding certain difficulties experienced by them at the Umreth Railway station. This matter was considered at the last meeting of the Committee and I was desired to request you to kindly take it up with the B.B. & C.I. Railway Local Advisory Committee. Please do the needful in the matter.

APPENDIX 35

Indian Motor Vehicles Bill

Letter No. 8324/3-III-E dated 25th April 1938 from the Secretary to the Government of Bombay, Home Department, to Chamber.

I am directed to forward herewith a copy of Government Resolution,* No. 8324|3-III, dated this day and of its accompaniments, and to request you to favour Government with the opinion of your Association on the Bill to consolidate and amend the law relating to motor vehicles in British India before 24th May 1938.

* Not printed.

Letter No. 1571 dated 26th May 1938 from Chamber to the Secretary to the Government of Bombay, Home Department, Bombay.

Motor Vehicles Bill

I am directed by my Committee to refer to your letter No. 8324|3-III-E of the 25th April 1938 and to send to you hereby their views on the Bill to consolidate and amend the law relating to motor vehicles.

Before commenting on the various clauses of the Bill, my Committee would like to make some general observations particularly on the points of principles embodied in the Bill. The Bill has two main objects; the first, to codify the law regulating motor vehicles in British India and the second, the co-ordination of the road and rail transport. There is also a third object, which may perhaps be described as a subsidiary object, viz., the introduction of the system of compulsory insurance for motor vehicles.

So far as the first objective viz: regulating and controlling of the motor traffic in the country is concerned, having regard to the progress made in the increased use of this form of transport during recent years, the need for such regulation and control will be generally recognised. Considerations of safety and public interest demand that motor traffic and the vehicles and the personnel employed in this traffic, should conform to certain accepted standards. The provisions of the Bill, therefore, which prescribe minimum conditions of efficiency, both for the vehicles used and for the man in charge of the same, are in keeping with the requirements of the times. It is, however, necessary to bear in mind the economic and other conditions of the people operating this form of transport service, so that in the anxiety to put the service in order, the financial effects or burdens consequent thereon should not become oppressive and beyond the capacity of those engaged in the service. In short, the pace and degree of regulation should also be guided by the economic condition of the system of transport and the people operating it.

The second objective and perhaps, according to some, the main objective of the bill unfortunately may not meet with the same sympathetic response from the public in the country. Co-ordination of the various forms of transport, as an ideal, will appeal to all and is certainly desirable, if carried out in a proper manner. But when that co-ordination is dictated by extraneous considerations and is designed mainly to meet the distress cry of a particular form of transport, the ideal and the public sympathy for it vanishes into the background and there will be a general tendency to examine the proposal for co-ordination very critically.

The Hon'ble the Member for Communication in his speech introducing the bill before the Assembly referred to the public demand for co-ordination by quoting a resolution passed at the Road Rail Conference held in Simla in 1933. As the said Conference consisted of representatives of all forms of transport services and members of the Government, he claimed that the views expressed by that body were entitled to respect and consideration. It must, however, be pointed out that the said Conference, while it expressed itself in favour of co-ordination, also decided that that co-ordination should be "in the general public interests." It is a moot question whether the bill in its present form attempts co-ordination from the above angle or is an attempt to subordinate one form of transport to meet the exigencies of another system of transport. The attitude of the public on the proposal for co-ordination will be determined on this fundamental issue viz., whether the co-ordination proposed is in public interest or is in the interest of a particular form of transport. My Committee have gone carefully through the provisions of the bill and while they are very anxious that every effort to co-ordinate the two important transport systems in public interests should be made, they feel that the bill in its present form is only seeking to regulate motor transport system without any attempt to impose corresponding regulations on the competing transport system viz., railway transport. My Committee are in sympathy with the principle of co-ordination, but they feel that both the interests whose activities it is proposed to co-ordinate, should

be placed on the same status co-operating with each other and not the one dominating the other.

My Committee are aware that the railways in India are a national asset in which a large amount of capital belonging to the taxpayer has been invested. They realise the importance of preserving the system unimpaired by the activities of any competing agency. At the same time it must be recognised that in a country of vast distances like India motor transport plays an important part and is a feeder to the economic and commercial life of the country. Unfortunately, the administration of railways in the country has not in the past inspired public confidence and has left much to be desired. The privileged position of the railways in that the same are owned by the State, should not entitle them to ask for unbridled powers to stifle competition and to secure to them a monopolistic character. Co-ordination should not be adjusted to the requirements of the railways but should be attempted in a manner which would adjust both systems of transport to the requirements of the public including trade, commerce and industry in the country.

While my Committee, therefore, accept the principle of co-ordination as such, they are definitely of the opinion that the interests to be co-ordinated should be placed on the same footing and any outside control considered necessary should apply to both the systems of transport and that co-ordination should not be achieved by subordinating one system to the needs and requirements of the other.

Regarding the third objective of the bill, viz : introduction of the system of compulsory insurance, my Committee had in their replies to the questionnaire of the Motor Vehicles Insurance Committee expressed themselves in favour of the system of such insurance of third party risks for all motor vehicles, whether public or private. They had also on that occasion strongly urged that it should be laid down that the insurance business resulting from any such statutory obligation should be compulsorily placed with companies registered in India with rupee capital, with a majority of shares held by Indians and with a majority of Indians on the Board of management. My Committee repeat the above views and

lay very great stress on the importance of including provisions in the law to make it obligatory for such insurance business being confined to Indian companies.

They would like to refer to another issue of a general character arising from the provisions of the bill. The provisions of the bill have imposed certain obligations on the autonomous provincial governments in the discharge of such obligations are to be met. The provincial governments, even as they are, are not happy in regard to the financial resources at their disposal and care must be taken to make available to them additional finance necessary as a consequence of the provisions of this bill. In this connection, there have been complaints in the past about the manner and method of allocations made to the provinces from the Road Fund and about the restrictions imposed in the use of such funds. It is necessary to reconsider the whole basis of this distribution in the light of such complaints and to release the provincial governments from the conditions restricting their discretion in the matter of expenditure from the Fund.

With these general remarks my Committee will now give their views on the various clauses of the Bill :—

Clause 1(3): It is provided in this clause that the provisions relating to compulsory insurance shall have mandatory effect after the expiry of five years, discretion being vested in the provincial governments to bring that part into operation in individual provinces in the meanwhile. Firstly, having regard to the object underlying such a scheme of insurance viz., public safety, my Committee do not see any reason why its application should be deferred to such a long period. They suggest that the period should be reduced to three years. In any event, they are of opinion that the scheme should be introduced simultaneously in all the provinces and that therefore the chapter should come into force throughout India on a given date. The introduction of the system in one or more provinces in advance will have undesirable repercussions and will introduce inter-provincial difficulties. My Committee are, therefore, of opinion that the date of application of the provisions of the bill re: Insurance should be uniform for all the provinces.

Clause 2: It is suggested that private buses should also be separately defined and that the conditions applicable to motor cars be made applicable to such buses. Similarly a separate definition may also be given for reserved cars.

Clause 2(3). Contract Carriage: For a carriage to be treated under the definition of contract carriage it is laid down that the same should not stop to pick up or set down passengers along the line. It may be necessary in the case of such contract carriages, when there are not sufficient passengers from a particular point to secure an economic load, to pick up by arrangement people from an adjoining point. Stopping to pick up or set down passengers under such circumstances should not deny to it the privilege of being treated as contract carriage. My Committee suggest that this aspect may be examined and the definition suitably amended.

Clause 2(5): The definition of Driver is neither clear nor definite. My Committee do not know whether it is the intention of Government to bring within the scope of the definition persons like cleaners or mechanics. Ordinarily the driver is himself the steersman and therefore the reference in the definition re: "separate person acting as steersman" is not understood. In any case, it is suggested that both "driving" and "driver" may be clearly defined.

Police Officer.—Certain duties are vested in and powers assigned to Police Officers. No attempt has, however, been made to define a Police Officer. It should be made clear as to an officer of what rank or grade is meant by the term and is expected to discharge those functions. My Committee therefore suggest that the term "Police Officer" may be defined.

Clause 9(2): Recognition sought to be conferred on licences issued by competent authorities in Indian State territories or in the French or Portuguese settlements bounded by India is, as provided in the Bill, mandatory. It is not, however, clear whether it is the intention of Government to insist that the corresponding States and foreign territories should *ipso facto* recognise such licences issued by any competent authority in British India. While my Committee have

no objection to the conferment of such privileges on a reciprocal basis, the clause in question should empower the withdrawal of such a privilege, if such reciprocity is not accorded. My Committee, therefore, suggest that the clause should be so amended as to make the privilege contingent upon such reciprocal treatment.

Clause 15: The order of disqualification referred to in the clause should also contain the reasons for such disqualification. Such a provision is necessary to prevent any vexatious use of the power of disqualification.

Clause 16: Similarly the declaration by the Regional Transport authority should be in writing giving reasons for disqualification.

Clause 28(2): Their remarks on Clause 9(2) equally apply to this clause and the recognition of licences issued in Indian States or other foreign territories should be strictly on the basis of reciprocity.

CHAPTER IV

Clause 41: This clause deals with the constitution of Regional Provincial Transport Authorities. The Bill proposes to lay down that the Provincial Transport Authority may be permissive, while the Regional Transport Authority shall be mandatory. In the opinion of my Committee this is an inversion of the true order, which should be that the Provincial Transport Authority should be mandatory and the Regional Transport Authority should be permissive. My Committee consider that the principal authority for the Province should be the Provincial Transport Authority and this should decide the particular districts where a Regional Transport Authority should be set up. The function of the Provincial Authority to co-ordinate the activities of the different Regional Authorities will remain; but it will rest with the Provincial Authority to consider where and when the Regional Transport Authority should be set up and what should be the powers delegated to them. With regard to the constitution of both the Provincial and Regional Authorities, my Committee strongly urge that representatives of Chambers

of Commerce and other Commercial Organisations like Passengers Associations, etc. should have seats on such Authorities, as they will be a balancing force between the different transport interests themselves. My Committee also beg to suggest that there should be a non-official majority on all such Authorities.

Clause 41(3) (a): In any case my Committee are opposed to this sub-clause which suggests a tribunal consisting of one or more members being officials in the service of the Provincial Government. Such a purely official body will not command the confidence of any transport or commercial interests.

Clause 41(3) Proviso: My Committee are also opposed to any representatives of Railway interests being included in such Authority. It should not be lost sight of that one of the functions of such Authority, whether Regional or Provincial, will be to regulate the activities of motor traffic and it will be extremely unfair and unjust to have any railway representatives on such bodies, as that would be working against the motor traffic with loaded dice. My Committee, however, suggest that where such representatives of persons or undertakings engaged in the business of transport are included, equal extra representation to general commercial interests, through Chambers of Commerce, should be accorded.

Clause 41 (4): The conflict, if any, in this sub-clause to the provisions in 41 (3) (b), re: representatives of persons engaged in the business of transport being included in the Authority, should be removed.

Clause 44: My Committee consider that the different points mentioned in sub-clauses (a) to (g) of this Clause, are too wide and that it is not necessary for the Regional Transport Authority to consider all such, when the question of Stage Carriage permit comes up before them. Giving of such wide powers to the Regional Authority will only mean that private motor ventures will not be allowed to operate at all. My Committee are specially surprised at the Regional Authority being empowered to consider even the character, qualification and financial stability of the applicant as in sub-clause (g).

Similarly, there is no rational consideration why the Regional Transport Authority should be asked to consider the adequacy of existing passenger transport service between the places to be served, the fares by those services and the effect upon those services of the service proposed, before they issue a permit. Does it mean that if there are any railway facilities in or near the district, the permit will be refused. This Clause 44 has set commercial bodies thinking seriously as to whether the fears entertained by the critics of the Bill originally are going to be justified after all. For the purpose of giving a permit, all that the Regional Transport Authority should consider is with regard to the particular utility of the service, the quality of the motor vehicles and the qualifications of the drivers.

Clause 44(2), to the mind of my Committee, is fraught with grave and serious implications. Fixation of minimum and maximum fares is not, even now, a part of the Indian Railway Act, and it was only recently that Government wanted to revise the Railway Law with a view to provide for maximum and minimum fares. To invest the Regional Transport Authority with this power, which my Committee are afraid may be a pontifical power, will mean the death-knell of motor traction. It is true that in order to prevent any grave irregularities in fixing maximum and minimum fares, the decision of some outside authority will be required and the Regional Transport Authority will have, for this purpose, to be delegated with some such power; but my Committee are strongly of the opinion that any such power if it is to be given to the Regional Authority should be hemmed in by such limitations that it may not be possible to abuse the said power. Special care and precaution are necessary where a railway is running near the district and where the Regional Authority, in order to checkmate any competition with the railway, may fix up the minimum and maximum fares in such a manner that no competition will be possible. My Committee consider that such a fixation of minimum and maximum fares may be done more to prevent any internecine competition amongst the different Road Transport Companies and also to secure and ensure a good and reliable service to

the public, than with a view to prevent road traffic from being a competitor of any railway company concerned.

Clause 47(b): My Committee recommend the word "road" be inserted between the words 'carrying' and 'transport', and the deletion of the words in the last portion, viz. 'and the co-ordination of all forms of passenger carrying transport'; as contract carrying provided for special occasions does not lend to co-ordination with all the forms of transport.

Clause 47(c): The reference to character, qualifications, and financial stability is, as my Committee have already observed, unnecessary.

Clauses 49 and 50: My Committee are surprised that clauses 49 and 50 should have been drafted in the way in which they have been. Surely, in these days of industrialisation and the development of motor transport, private manufacturers and merchants should have the right, unhampered and untrammelled, of having motor trucks to carry their goods of whatever description and to any limits whatsoever. The only consideration which should weigh with the Regional Transport Authority in such cases should be whether their motor vehicles are so substantial as would not make them a danger to the other traffic moving on the roads. On the other hand, these two clauses appear to aim at restricting long distance traffic to the railways and thereby compel industrialists and merchants, who have got their own transport facilities, to give freight to the railways. There is a condition provided that the Regional Transport Authority shall satisfy itself that the vehicle or vehicles to which permit is required are genuinely necessary in connection with the business of the applicant. Surely, businessmen, before they provide themselves with any transport facilities, will consider whether such facilities are genuinely required or not.

Clauses 52 and 53: Sub-clauses (a), (c), (d), and (j) of Clause 52 appear to aim at restricting further development of motor transport, with a view to create a privileged position for the railways in respect of certain areas and certain kinds of goods. Clause 53 also proposes to restrict not only the number of transport vehicles but to attach to public carriers

permit certain conditions as regards the use of specified routes or areas, carriage of specified class of goods and that too for specified persons and even lays down a condition with a view to prevent uneconomic competition which will mean fixing of freight rates for carriage of goods. My Committee are opposed to such restrictions on the public carriers, and strongly urge that in this case also Regional Transport Authority should give permits after satisfying themselves with regard to the requirements of public needs and public safety, and that no other extraneous considerations should weigh with them in this regard.

Clause 54 (7) : Reasons for refusal should in all cases be given in writing, without the formal request for the same being made by the applicants.

Clause 59(1) : Countersigning of permits issued by one Regional Transport Authority by another Regional Authority implies the application of additional fees. My Committee suggest that the amount of fee for countersigning should only be nominal.

Clause 64 : This clause empowers the Provincial Government to make rules regarding the appointment of Transport Authorities and the procedure to be adopted by them with regard to various forms of control to be exercised in respect of transport vehicles. My Committee strongly urge that steps should be taken to see that the rules framed by the Provinces are uniform as far as possible.

CHAPTER VI

No provision seems to have been made to make compulsory throughout all the Provinces driving on the left side of the Roads.

CHAPTER VII

My Committee are in favour of this general principle of the introduction of the system of compulsory insurance, and have emphasised this above in the remarks they have made in the preamble to their views set forth herein.

APPENDIX 36

Business Reply Telegrams

Letter No. T-102/37 dated 21st October 1938 from the Director General of Posts & Telegraphs, New Delhi to Chamber.

I am directed to forward herewith for your information a brief description* of the new system of "Business Reply Telegrams" which is in use in England, and which system is proposed to be introduced in India, if it is so desired by large manufacturing and commercial bodies. The Director-General will be much obliged if you kindly elicit the opinion of your Chamber as to whether a Progressive system of this kind will not serve the requirements and interests of the business public by increasing sales of commodities etc., and favour him with his views.

Letter No. 3274 dated 25th November 1938 from Chamber to the Director General of Posts & Telegraphs, New Delhi.

I am directed to refer to your letter No. T 102/37, of the 21st October 1938, and in reply to inform you that my Committee are in favour of the proposal to introduce a system of business reply telegrams on the lines of the scheme in force in the United Kingdom.

In order that the system may be made attractive, in its initial stages, my Committee suggest that the minimum rate for such reply telegrams should be fixed at annas four and that the extra charge for additional words should be at the rate of half an anna per word. The recourse to the system of business reply telegrams presupposes the possibility of a number of telegrams to the same addressee, with the result that traffic, involving additional income to the Telegraph Department, is induced. It will therefore be in the interest of the Department to encourage the system by keeping the charges at a low figure.

My Committee hope that, while deciding to introduce the new system, Government will also bear in mind their suggestion for reducing the minimum charges and the charge for additional words.

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* Not printed.

APPENDIX 37

Refusal of Postal Authorities to accept certain Trade Circulars as Book-Post

Letter No. 2950 dated 26th October 1938 from Chamber to the Director General of Posts & Telegraphs, New Delhi.

My Committee have been receiving complaints in regard to the interpretation of the provisions in Clause 57 of the Post and Telegraph Guide, governing the contents of packets entitled to be transmitted through the Post at rates prescribed for book-packets. In this connection, they have seen copies of some of the correspondence carried by the Continental Textile Stores Company, Bombay, with your Department. In this particular case printed trade circulars and market reports in which the rates are filled in manuscript are not accepted at book-packet rates. They are sought to be treated as personal communications. The rates being a varying factor, it would be impracticable from the very nature of things to get the same printed from day to day. Moreover, after the closing of the market, when the final rates will be available, there can be hardly any time to get the rates printed or written by any mechanical process and make the reports ready in time for the day's post. If in the opinion of the Department such circulars and reports do not fall within any of the sub-clauses of Clause 57, although my Committee feel that they fulfil in spirit the requirements contemplated in sub-clause (7), it is suggested that the Clause be amended so as specifically to include such printed circulars, where only the rates are filled in writing, within the ambit of the concession. After all the real test should be whether the rule was being abused so as to get the concession for personal communications. Rate advices are a normal procedure in trade, and the Postal authorities should not put impediments in the way of merchants by denying on technical grounds facilities intended for them.

My Committee request you to be good enough to look into the matter and to see how the position could be remedied, so as to extend the concessional rate to such circulars.

Letter No. IM-423/TL dated 17th December 1938 from the Director General of Posts & Telegraphs, New Delhi to Chamber.

With reference to your letter No. 2950, dated the 26th October 1938, I am directed to say that as the market Reports issued by the Continental Textile Stores Company, Bombay, contain entries in manuscript, they do not fall within any of the sub-clauses of clause 57 of the Post and Telegraph Guide and are therefore not admissible to travel at book-packet rate. Moreover the market reports start with "Dear Sirs" which is most unusual for market reports, and contain at the end a message which amounts to a personal communication. There would however, be no objection to the transmission of the Market Reports at Book Packet rate if the objectionable features pointed out above are removed and the rates which are given at present in manuscript are printed.

I am further to say that the amendment of the Rules under the Indian Post Office Act is not contemplated so as to bring such reports as issued by the Continental Textile Stores Company, Bombay, within the definition of book packets.

Letter No. 39 dated 6th January 1939 from Chamber to the Director General of Posts & Telegraphs, New Delhi.

I am directed to acknowledge receipt of your letter No. IM-423/TL/38, of the 17th December 1938. You observe therein that in order that Market Reports of the kind under reference may be allowed to be conveyed at book-packet rates they should conform to the following requirements :—

1. they should not start with the address "Dear Sirs";
2. they should not contain at the end a message which amounts to a personal communication;
3. the rates which are given in manuscript should be printed.

My Committee see no difficulty in meeting the first two requirements and consider the same as fair and reasonable.

The same, however, cannot be said of the third requirement, viz. getting the rates also printed. As pointed out by them in their letter of the 20th October 1938 the rates are a

varying factor. The object generally sought to be served by such reports is to keep the up-country constituents informed of the rates prevailing or of the rates available at the close of the market on a particular day. It is by experience found that there is very little time between the closing of the market, when the final rates are available, and the day's last post. In view of these practical difficulties, my Committee urge that the third requirement is impossible of being fulfilled and that the only result of insisting on such a condition would be to deny to such market reports and rate circulars the privilege of being treated as book-post packets.

My Committee request that your Department should kindly reconsider the question and issue instructions so that the printing of prices and rates are not insisted upon for such circulars being treated as book-post packets.

Letter No. IM-423/38-TL dated 16th February 1939 from the Director General of Posts & Telegraphs, New Delhi to Chamber.

"With reference to your letter No. 37, dated the 6th January 1939, I am directed to say that the Director-General is pleased to note that your Chamber recognises the cogency of the objections Nos. 1 and 2 referred to in your letter.

2. The Department attaches equal importance to the third objection, namely, that the rates should not appear in manuscript. From a perusal of clause 57 of the Post and Telegraph Guide it will be observed that a market report with the rates quoted in manuscript does not fall within its purview. Indeed, it is somewhat extra-ordinary for market reports to have the rates entered in manuscript. Its very name implies that it is posted in somewhat considerable numbers at a time, and this should ordinarily involve considerable labour if entries are made in manuscript. If these market reports are posted at least 20 at a time, the entries could be reproduced by a mechanical process, etc., in which case advantage can be taken of sub-clause 7 of clause 57 of the Post and Telegraph Guide."

APPENDIX 38

Carriage of Mails from India to British East Africa

Letter No. 1553 dated 25th May 1938 from Chamber to the Director General of Posts & Telegraphs, Simla.

I am directed by my Committee to send to you herewith a copy of a letter received from one of the members, for your information and such action as you may be pleased to take thereon. The letter raises an important issue affecting business community, with regard to posting of their mails. My Committee beg to request you to be good enough to send to them suggestions, if any, which may, in your opinion, solve the difficulty pointed out by our member.

Letter dated 12th May 1938 from Messrs. Virchand Panachand & Co., Bombay, to Chamber.

We beg to bring to your kind notice that the present arrangements for carrying the post over to British East Africa has made a lot of trouble to the business and it is urgently necessary to take up the matter and see that the present troubles are met with, at an early date.

You will note that under the present arrangements all post are being carried by air mail, and there is no air mail for the country under reference till Sunday after the departure of steamer. Steamer departs from Bombay on Wednesday afternoon, and documents and other post for the goods carried by the steamer can only be ready by Wednesday or in the morning next day. Now the air mail leaves on Wednesdays and Sundays, in the morning only, thus the air mail leaving on Wednesday is of no use for the post, and Sunday's mail will bring the post later than the steamer. Thus it is very inconvenient for the post to be in time.

Kindly therefore take up the matter and recommend to arrange in such a way that the post may be carried either by the steamer, or the Wednesday's plan may be delayed till that evening or another plan may be arranged for either on Thursday or Friday to enable to put the post before the steamer reaches.

We hope you will do needful in the matter and inform us.

Letter No. IM-192/38 dated 20th June 1938 from the Director General of Posts and Telegraphs, Simla to Chamber.

With reference to your letter No. 1552 dated the 25th May 1938, I am directed to say that the time-table of the Colombo-Karachi Air Mail Service (which passes via Bombay in the fair season) is fixed in order to maintain connection at Karachi with the westbound air mail service of Imperial Airways. The time-table of Imperial Airways in its turn is fixed to suit the convenience of the various countries through which the service operates, with due regard also to the operational facilities of the company. You will therefore doubtless realise that it is impossible to frame a time-table that would suit merchants and all sections of the public in respect of each and every country participating in the Empire Air Mail Scheme. Hence the mail service from India to British East Africa has necessarily be dependant on the time-table of the Imperial Airways and the air mail services maintaining connection with the same both at Karachi and at Alexandria. The internal feeder service maintaining connection with the Imperial Airways at Karachi has to serve not only Bombay but many other important places like Hyderabad (Dn.) Madras, Trichinopoly and Colombo. Even if there were to be a special air mail service between Bombay and Karachi, the inconvenience referred to by you cannot be removed as the British East African Mail carried from Bombay to Karachi has necessarily to maintain connection with existing air mail services both at Karachi and Alexandria. It is, however, expected that a fifth service will be established early in August next and an effort is being made to have the time-table so framed as to suit the convenience of the merchants of Bombay carrying on trade with British East Africa other parts of the world especially the west.

2. With regard to the suggestion that mails for British East Africa are allowed to be carried by steamer, it is regretted that this Department cannot depart from the principle adopted generally for the transmission of mails to Empire countries participating in the Empire Air Mail Scheme.

3. It is suggested that the merchants consigning goods by the British Indian Steam Navigation steamers may try to post the correspondence relating to the goods in the morning of Wednesday till such time as the fifth service is introduced. It may here be added that, as already announced, bills of landing invoices and shipping documents can go at the "business paper" rate by the sea route in the same steamer in which goods are sent, provided that they comply with the rules relating to method of packing etc. as prescribed in clauses 174 to 179 of the **Post and Telegraph Guide.** If it is desired to send such documents in closed packets, they can be sent by parcel post which are transmissible by surface route only. A copy of the Memorandum issued on the subject is enclosed for the information of the members of your Chamber.

APPENDIX 39

Imperial Airways Ltd., and the Composition of the Company Operating the Indian Service

Letter No. 1692 dated 6th June 1938 from Chamber to the Secretary to the Government of India, Department of Communications, Simla.

I am directed by my Committee to address Government on the question of the composition and capital of the companies operating the Indian service in connection with the Empire Air Mail Scheme.

2. When Trans-India Air service was inaugurated in 1933, the Indian commercial community voiced their disappointment at the action of Government in bringing about the formation of the Indian Trans-Continental Airways, Ltd., on terms and conditions which were highly unfair to the country. Not only were the said terms and conditions, it was pointed out, not in conformity with the demand in the country to keep the civil aviation industry in the hands of Indians themselves, but they went even counter to the assurance given by the then Finance Member to the Government of India to the Standing Finance Committee at their meeting

on the 14th March, 1929, wherein he was reported to have stated that "he had come to the conclusion that not less than 75% of the voting rights would give Government the control desired over the affairs of the company." Thus, when the Government of India entered into agreements in 1933 with the Imperial Airways and others concerned whereby the Indian Trans-Continental Airways Ltd. was formed and floated, the fundamental pre-requisite viz., national share-holding and national control which were implied in the statement of the Finance Member referred to above, and which were the basis on which the Standing Finance Committee had accorded their approval to the very idea of the scheme, was set aside and a 51% interest in the capital was given to a non-Indian company, viz., The Imperial Airways. Of the remaining 49%, the Government of India held 24%, the balance of 25% being allotted to Indian National Airways, Ltd., a company formed for conducting the feeder service. No exact information about the composition of the latter company is available. It is possible that a substantial portion of the capital of the same is also held by non-nationals, thus increasing the aggregate non-national holding in the main company, viz., Indian Trans-Continental Airways, Ltd., to a much higher percentage.

3. My Committee had occasion to refer to the unsatisfactory character of the arrangement in question at the interview which they had with the Hon'ble Sir Frank Noyce, the then Member for Industries and Labour, on the 26th June 1934. He pointed out that "the Government of India, in arriving at an arrangement with the Imperial Airways, Ltd., in regard to the Indian Airmail service, had fully considered the various points raised by the Committee. The arrangement arrived at appeared to be the best it was possible to make. He added that when the period of the present agreement with the Imperial Airways expired in 1939 the Government of the day would be at perfect liberty to reconsider the whole position and make such arrangements as appeared to them suitable." It was, therefore, naturally expected that before the time for the renewal of the agreement in 1939, the whole question would be reconsidered in

the light of the comments and opinions made both in the Legislature and by public bodies and that a scheme more in consonance with the demand of the nation to build up a national Civil aviation industry and the requirements of the country, would be evolved.

4. My Committee, however, have learnt with deepest regret that, unfortunately for India, long before the expiry of the old arrangement, a new agreement has been entered into with Imperial Airways, Ltd., for a much longer period than before and, that too, without giving any opportunity to the public or to the commercial community to offer their views in regard to the Civil aviation policy of the Government of India and to criticise the terms and conditions of the new arrangement with a view to bring them in consonance with the national aspirations in the country in regard to that key industry.

5. My Committee are aware that the Indian Trans-Continental Airways, Ltd., will under the new arrangement, instead of running the service between Karachi and Singapore alternately with Imperial Airways, as done hitherto, run jointly with that company the two land services between England and Calcutta in the future and that the extra capital of Rs. 22 lakhs required for the purpose will have to be subscribed by the existing shareholders in the proportion of their present holding, i.e. 51% by the Imperial Airways, 24% by the Government of India and 25% by the Indian National Airways, Ltd. Not only will there, however, be no change whatsoever in the domination and control of Imperial Airways over the national civil aviation policy of India under the new arrangement, but, on the contrary, it will enable that non-national company to obtain greater hold and more effective voice in the determining of that policy during the course of the long period of the next 15 years. My Committee cannot at all consider the above arrangement as either satisfactory or one in which national self-respect can take pride. An arrangement by which the heavy burden of an average annual payment of over Rs. 12 lakhs, has been imposed on the national Exchequer was expected, at least, to have secured to the country conditions of air service in which

the control, direction and management of the company operating in the country would rest in the hands of the nationals of the country. It would be interesting to know if Government did make any effort to raise the capital in question from purely national Indian sources. Even if such capital was not forthcoming, Government ought to have taken the step of providing the necessary capital themselves, so that both the operation of the service and the policy of developing the civil aviation industry in India would have been determined and laid down on national lines. In view of the heavy subsidies, which they have paid in the past to non-national lines in connection with the Air Service and having regard to the recognised necessity of India building up her own national air services for safeguarding her economic interests and strengthening her policy of defence, my Committee are constrained to observe that the Government of India have lost an excellent opportunity of safeguarding India's interests and have unfortunately lent their support to the consolidation of non-national interests in the civil aviation industry of India, which from every point of view should be owned, controlled, directed and managed by the nationals of the country.

6. Much has been made of the arrangement for expanded opportunities for Indians in aviation and for the training of Indian personnel in all branches of air services. Reference is also sometimes made to the present personnel of the Directors of the Indian Trans-Continental Airways, Ltd., a majority of whom are Indians. As regards the first, my Committee do not at all consider the same as a concession, nor a factor on which there need be any jubilation. Regarding the latter, the fortuitous circumstance of a majority of the existing directors being Indians is not a reply to the issue of principle, which my Committee are raising.

7. It may be noted in passing that the Government of India will have no hand in the Seaplane service, which is part of the scheme. My Committee fail to understand the justification of an arrangement whereby the Indian Trans-Continental Airways will be precluded for the long period of 15 years from operating and dealing with the Seaplane service

which is becoming an important part of the air service in the world.

8. In conclusion, my Committee wish to record their emphatic protest against the manner and method in which the new arrangement extending over a period of 15 years has been entered into. The terms and conditions of the arrangement are entirely unacceptable to the Indian commercial community, and it is a matter for no small regret that the control, direction and the management of such an essential service should have been allowed to pass into the hands of non-nationals.

APPENDIX 40

Bombay Telephone Company—Charge for the Hand Microphones

(Refer previous correspondence on page 228 of the Annual Report of the Chamber for 1937)

Letter No. 3117 dated 12th November 1938 from Chamber to the Bombay Telephone Company, Ltd., Bombay.

I am directed to refer to our correspondence regarding the above, ending with our letter dated 18th December, 1937, No. 3476. In view of the resolution regarding high charges on hand microphones, recently passed by the Bombay Municipal Corporation, my Committee would like again to open this question and reiterate their case for the reduction of the high charges on hand microphones recovered by your Company. My Committee are in entire agreement with the view of the Municipal Corporation that the charges levied by your Company on new hand microphones are unjustified and out of proportion to the cost of the instrument. While the entire cost of the instrument is estimated to be about Rs. 48|-, the Telephone Company normally recovers from a subscriber Rs. 40|- in four yearly instalments of Rs. 10|- each. Though ostensibly the Company recovers on each microphone on Rs. 40|- spread over four years, it realises, in many cases, much more by letting over again those machines with regard to which service has been discontinued after one, two or three

years. A subscriber discontinuing service after six months would pay Rs. 10|- for the hand microphone let to him. The Company would naturally let the same hand micro to a new client who might discontinue service after six months. All the same the Company would recover another Rs. 10|- in six months on the same. The micro would be let out again to another client who might also cease to be a subscriber after six months. Thus in two years, the Company would recover on this particular micro Rs. 40|-. If this process of letting out a particular hand micro might be repeated for a period of four years, at the end of that period the Company would have realised Rs. 80|- on the instrument as the amount of hire. My Committee feel that the example given above regarding a particular micro which might be let out again and again at an interval of six months is not improbable, but certainly within the scope of the practice followed by the Company with regard to letting out the new hand microphones. My Committee do not consider that there is any analogy between a motor car company and the Telephone Company, to which a reference is made in your letter. A motor car company is not a public utility concern but is an ordinary trading concern, having no monopoly for the sale of cars; nor any public responsibility; while the Telephone Company is a public utility concern holding a monopoly for operating the service solely for the public benefit. The provision of a microphone of the latest sort is a necessary amenity, which the Telephone Company is bound to give to its customers, while a motor car company is not similarly bound. My Committee hope that the Telephone Company will seriously reconsider the charges on the instrument complained of by the Municipal Corporation, and allay the public feeling in this regard.

My Committee would also reiterate their suggestion for reduction in the charges for the supply of longer cords. I am directed to refer to paragraph 2 of our above referred letter, and to request your Board to reconsider the suggestion made by my Committee therein. They submit that the charge for extra length of the cord supplied to the subscribers is out of proportion, having regard to the fact that after paying for

the extra length of the cord the subscriber does not acquire ownership of the same.

It is understood that when a subscriber desires an extra length of the cord to be fitted on his instrument, the Company charges on the whole length of the cord without allowing for usual 3-feet cord supplied free. My Committee feel strongly against such an unusual practice of depriving the users of extra lengths of cord of the usual free allowance of 3-feet per instrument, and would like to urge your Board to immediately put a stop to this practice. Your Company had maintained previously that longer cords detracted from the efficiency of operation of the instrument. My Committee have made further enquiries into this matter and they are informed that efficiency of operation is not impaired on account of longer cords. Besides, they feel that the longer cords are, in many cases, necessary for shifting the instrument from one place to another, and prove to be an amenity to the user. It is up to the Company to provide for this amenity at a reasonable charge which could not be at a disproportionately high level as at present. My Committee wish to reiterate that the rates fixed for the extra lengths of cords are arbitrary and bear no relation to the service performed or cost incurred, and request your Board to examine this question from the public utility point of view and reduce the rates to a reasonable level.

Letter No G.R.-3 dated 20th December 1938 from Bombay Telephone Company, Ltd., Bombay to Chamber.

I am directed by my Board to acknowledge receipt of your letter No. 3117 dated the 12th November 1938.

2. The Board have had under consideration for several months proposals relating to the reduction of the charges in respect of Hand Micro Telephones and they have now decided to reduce the charge for each Hand Micro Telephone Instrument from Rs. 10|- per annum with a maximum of Rs. 40|- for any one instrument on any one line, to Rs. 6|- per annum with a maximum of Rs. 30|- for any one instrument on any one line.

3. My Board feel that it will assist you to realise the necessity for making a charge of this kind in the particular circumstances if I explain that the book value of the old type of instruments in use and in stock amounts to between Rs. 5 and 6 lakhs. It is arguable that the Company would have been better advised to meet this expense by retaining the standard rates as they were in 1935 instead of reducing them by a sum which then amounted to about Rs. 2,60,000|- per annum, but my Board took the view that the reduction of the standard rate should be made as benefiting the individual who wanted the cheapest possible available form of service.

4. As regards the suggestion that the Company makes considerably more than Rs. 40|- in respect of certain Microphones, I can assure that it is, from the Company's point of view, more profitable for the instrument to remain in use by the same subscriber as on each occasion when it is recovered a complete overhaul is carried out before it is reissued.

5. Desirable as it is to provide the latest and best apparatus available, this can nevertheless only be done at the expense of subscribers in one form or another.

6. Charges for the service cannot be reduced below a rate which provides an adequate return on capital employed as to do so would obviously mean that fresh capital would be difficult to obtain from time to time when required in connection with the expansion of the system which must normally be expected to take place. The words "capital employed" are used advisedly because there is a tendency to concentrate attention only upon the rate of dividend paid. In the case of this Company, over and above their nominal share capital amounting to approximately Rs. 1 crore, the shareholders have left in the undertaking a further sum of approximately Rs. 1 crore so that a dividend of 8 per cent which has been paid in the last few years is a return now of somewhere in the neighbourhood of 4 per cent. If, instead of leaving these sums—which are in the main sums set aside to replace assets as their lives expire in the future—they had been invested outside the Company's undertaking, it would have been necessary either to increase the share capital or to increase the Company's borrowings by a sum of approximately

the same amount, and in that event the return would have been obvious on the face of the accounts without any investigation of them.

7. The position with regard to the charges for long cords is a different one. When I tell you that in Bombay the total charges made by the Company in respect of the year 1937 only amounted to Rs. 1325|- and in respect of the 10 months ending October 1938 to Rs. 1057|-, you will realise that the rate of charges is not framed with a view to the production of revenue.

8. My Directors are very conscious of the defects from which the existing telephone system suffers owing to the exceptionally high calling rate and these charges are framed purely and simply with the object of avoiding reducing the efficiency of the system which long cords tend to do, and for this reason only my Directors cannot see their way to reduce the charges for long cords.

9. My Directors desire me to send copies of your letter under acknowledgment and this reply to the Bombay Municipal Corporation and the other bodies that have made representations on the subject in comparatively recent times, and I shall be glad to hear that you have no objection to this being done.

Letter No. 85 dated 11th January 1939 from Chamber to the Bombay Telephone Company, Ltd.

I am directed to refer to your letter No. G.R.3, of the 20th December 1938, and in reply to observe as under :—

2. My Committee are disappointed at the very small reduction in the charges for hand microphones. My Committee were more concerned with the question of priciple and were not fighting for a reduction of the charges by Rs. 10 or for spreading over the instalments from 4 to 5. They still hold that as long as the Company claims to supply installation free, the subscriber is entitled to be provided with a hand microphone without having to pay any extra charge for the same. In this connection, it will not be out of place to mention that, to the best information of my Committee, in all

such centres where the hand microphone is in vogue, the same is supplied free of any extra charge.

3. The argument that the old type of instruments in use and in stock still run to a book-value of Rs. 5 to 6 lakhs is not one which should be used to justify the levy of the extra charge. The Company would have been well advised to provide for these obsolete machines by necessary depreciation before deciding upon a higher rate of dividend some years back. The reference to the reduction made in 1835 in the standard rates has no bearing on the question of the extra charge for the microphone instrument.

4. The statement that the use by more than one subscriber of the same hand microphone does not ensure to the benefit of the Company because on each occasion a complete overhaul is carried out, is unconvincing. My Committee had, in one of their previous letters, drawn pointed attention to the instances of the machines fitted up in connection with the elections to the Provincial Legislative Assembly. It does not stand to reason that the use of such machines for a day or two involved labour and cost in the process of overhaul of an amount equal to the cost recovered from the subsequent subscriber.

5. As a public utility service, the Company is under an obligation to provide the latest and best apparatus available. It does not necessarily follow that with each such improvement the subscriber should be called upon to pay an extra levy. The Company should, on the contrary, make adequate provision for meeting the cost of such improvements while distributing annual dividends and should, therefore, limit the rate of such dividends after taking into consideration the provision that may be, from time to time, necessary for technical and instrumental improvements. My Committee understand that the prime cost of the hand microphone is less than Rs. 50/- each. Thus the Company collects almost the entire cost from a subscriber, and in the case of instruments put into use for more than one subscriber perhaps something more. All the time the subscriber is supposed to have only rented the use of it and the property in the instruments continues with the Company. On the top of it, the Company claims to

provide installation free. The whole arrangement is unsatisfactory and stands in need of immediate revision.

6. The rate of return on capital employed particularly in such public utility undertakings must necessarily be restricted to the lowest possible minimum. Regarding the additional capital also, the experience of the recent issue of debentures by your Company does not justify any such fears. Moreover, with the interest rates prevailing at present, a return in the neighbourhood of 4% per annum will be considered as adequate by prudent investors. My Committee would, in this connection, draw the attention of your Company to the recent rules formulated by the Provincial Government in regard to the grant of licences for electrical undertakings in the Presidency one of the conditions in which is the limitation of the rate of dividend payable to the shareholders. The attempt to average down the rate of dividend by an ingenious interpretation of the term "capital employed" is only an act of window-dressing. The further amounts left in the undertaking by the shareholders, to which you refer, represent, in the opinion of my Committee, excess subscriptions realised from subscribers—excess over what may be considered as the economic rate. It is not arguable that in computing the capital for determining the rate of return such undistributed accumulations should be taken into account. It is, therefore, no use trying to explain away the high rate of dividend, viz., 8%, being paid by the Company.

7. As regards the long cords, so long as the facility is provided for by the Company the charges therefor should not be out of proportion to the services rendered. The argument that a long cord conduces to lower efficiency is one which may be open to doubt and one which, at all events, has not been borne out by the experience of users of instruments with long cords. In any case on no account my Committee can reconcile themselves to the extraordinarily heavy charges at present being recovered for the supply of such cords. Moreover, even after paying such a heavy price, the Company claims the property in the cord and the subscriber is only supposed to have rented the use of the same. The whole arrangement is untenable and cannot be justified.

8. In conclusion, my Committee must express their disappointment that a public utility service like your Company, working under an exclusive licence, does not show any indication of its obligation to the community and that it considers itself free to operate the system to its advantage without sharing its increasing prosperity with its constituents. Writing in your letter of the 8th December 1937 in reply to my Committee's request for a reduction in the standard rate for the telephone service, you observed that "My Board have always held the view that the possibility of reduction of charges requires examination from time to time and this is done. To ensure that the matter receives adequate consideration my Directors have decided that the matter shall in any event be reviewed each year when the annual accounts have been completed." I am to enquire if any such review has been made after the date of the letter in question and if so what the decision of the Directors was.

9. With reference to paragraph 9 of your letter under reply, it is requested that a copy of this communication may please be forwarded to all the bodies to whom copies of the previous correspondence were sent.

ASIATIC

II. FINANCE, TARIFF AND TAXATION

APPENDIX 41

Budget of the Government of India for the year 1938-39

Letter No. 681 dated 1st March 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

The Committee of the Indian Merchants' Chamber have considered the speech of the Honourable the Finance Member introducing the Budget for 1938-39. They are greatly disappointed to note that there is to be no relief in taxation, although there has been a surplus for the current year and there is estimated to be a surplus for the year 1938-39 also. My Committee feel from the whole trend of the Budget that the present level of taxation appears to be considered by Government in the light of standardised taxation. If it is so, they beg strongly to protest against this. India is too poor a country, as the whole of the Indian business community and Indian publicists have been contending since a long time, to bear any such high taxation she is put under for all these years. The very fact that even the surcharge on Income-tax is not being taken away shows that Government have apparently come to consider the present level of taxation as a standardised taxation, which would mean that no matter what the surplus might be, there would be no remission from the present taxation and that on the contrary the Indian people might expect further increases in taxation in future on account of increase in the military budget or in the other expenditure side of the activities of Government.

My Committee were strongly opposed to the Niemeyer award as being unfair to the Bombay Presidency specially. An attempt is made to show that the Niemeyer award has worked in the best interests of the country as a whole and the Provinces in particular, as the Provinces are estimated to get Rs. 138 lakhs, even though as the Finance Member

observes "the provision for conditional payment during the first five years was likely to prove a dead letter." The allotment of Rs. 138 lakhs for distribution to the Provinces should not blind us to the inherent defects of the Niemeyer award and the whole basis of financial adjustment as between the Central and the Provincial Governments will have to be scrutinised afresh if the provincial autonomy is not to end in a financial debacle.

My Committee appreciate the spirit in which the Hon'ble the Finance Member has referred to the provincial autonomy and his desire to help the Provinces. At the same time, it must be remembered that the Provinces will be henceforward responsible for social and rural reconstruction and will stand in need of much bigger finances than are at present allotted to them. It must also be remembered that many of them are groaning at present under scales of expenditure laid down by the previous faulty system of government and one of them at least, viz., the Bombay Presidency is burdened with ill-laid-out capital schemes, which have proved to be unproductive and which have laid on her an incubus of debt charges of a colossal amount.

The Hon'ble the Finance Member has apparently discontinued the grants towards rural reconstruction, though he is much in favour of it, recognising evidently that the Provinces will henceforward have to bear the burden of this and other schemes of nation-building.

My Committee observed last year in criticising the Financial Statement that the separation of Burma had done no good either to this country or to Burma and that to this country at least it has proved to be a much heavier burden than official estimates led the public to believe at that time. This observation appears now to have been justified much more by the turn the events have taken, as the actual payment to be made by Burma under the Amery award is now expected to be reduced by Rs. 18 lakhs.

My Committee recognise that the world is passing at present through another crisis, which may be called a crisis of fear. Every country is afraid of the other and so *ipso*

facto all the countries must have a rearmament programme. The financial resources, however, of this country are too meagre to allow her to take up a rearmament programme on the same lines as the more powerful countries. And besides India plays a great part, if my Committee may be allowed to put it, in the military defence of the British Empire. It is said several times that the strength of Great Britain is behind the defence of India. While this may be true to some extent, the converse is still much more of a truth that the Indian Army stands as a great defender of the outposts of the Empire. The contribution by Great Britain to India for her military defence announced recently falls far too short of what fairness and justice have required. This amount is intended for the mechanisation of the British units. Since mechanisation is required, it should have been the Indian units which should have been taken up first and not the British units, which are liable to be transferred from India to Great Britain. Even this mechanisation as now proposed is estimated to cost Rs. 85 lakhs per year and the subvention by Great Britain is going to be only Rs. 27 lakhs. The total contribution by Great Britain towards India should, therefore, be increased much more in view of the above circumstances.

With regard to Naval defence, the contribution by India of £100,000 to Great Britain is going to be stopped, but instead of that the Government of India are required to maintain a sea-going fleet of not less than six modern escort vessels. My Committee do not know what this will exactly cost to the revenues of India. They would, therefore, like to know whether the increase if any, with regard to this item is provided for in the military budget. My Committee would also like to emphasise that unless such a scheme for expansion provides for the effective control of the Indian Navy being vested in the Indian Legislature and for a speedy and complete Indianisation of the personnel of the Indian Naval fleet, it will not constitute real Indianisation of the Navy in any sense but will on the contrary be an instrument for tightening the Imperial hold on India.

My Committee cannot help protesting against the big drain which is going on in the shape of Waziristan campaign. The frontiers now present a form of two-fold expenditure: (1) while the operations are actually going on, it is put down as the cost of military operations, and (2) while the operations are not going on and the roads and fortresses are being completed which after all, my Committee apprehend, lead again to another campaign. Surely, the Government of India can now formulate a policy with the help of the N. W. F. Province Government, which may once for all put an end to the restlessness in those parts.

The question of the Lahore Abbattoir, which was responsible for so much agitation and which had ultimately to be abandoned, showed how the higher authorities were evidently not in touch with local sentiments and feelings and the big bill which is now expected to be footed by the tax-payers of the country is evidently the result of that want of contact.

Under the head of external affairs, over which the legislature and the Government of India have no control, the expenditure is increasing and in this connection my Committee wish to reiterate the demand for the stoppage of the annual contribution to the League of Nations, thereby effecting a saving in this regard.

There is a welcome increase in the current year of about Rs. 39 lakhs from the Posts and Telegraphs Department, though for the next year it is estimated that the net revenue of the department is expected just sufficient to balance the expenditure. My Committee are afraid that this big surplus shown by the department during the current year, is attempted to be wiped off by certain changes in the methods of accounting for the next year. The Indian public have been strenuously demanding the restoration of the popular half-anna postcard, and this claim would have been justified looking to the results of the department for the current year, but unfortunately on account of the arrangements referred to above, this surplus is wiped out from next year and the net revenue is shown to balance the expenditure. My Committee strongly urge that in the interests of literacy and in the inte-

rests of the poor and middle classes, the old half-anna postcard should be restored. In this connection, my Committee wish to stress before Government the opinion, which had already been communicated to them, regarding the need for restoring the Indo-Burma postal rates to the old level. The action of Government in introducing foreign rates of postage for this service was considered by the Indian public as a violation of the spirit of the Indo-Burma Trade Regulation Order. In view of the falling off in the postal traffic particularly in postcards and packets and newspapers between India and Burma after the enhancement, my Committee trust that Government will, in the interests of trade and cultural affinity between the two countries make further negotiations with Burma for the restoration of the old scales of postal rates.

My Committee deeply regret that the Finance Member has made no reference to the depression in cotton to which attention was drawn in so strong terms by them as well as by other responsible commercial bodies. A suggestion was made that an additional import duty of half an anna per pound of cotton of 15/16 inch staple and under should be imposed in the interests of the agriculturists. Unfortunately, there is no reference to the subject at all and the cotton growers are left apparently in a position of helplessness.

The Sugar Tariff Board have submitted their report and there is no reference in the speech of the Finance Member even to this. My Committee would like to be enlightened as to the proposals of Government with regard to the protective and excise duties in respect of the same. They hope that, looking to the vast interests of the Indian sugar industry, the present protection will be continued.

The protection given to the Indian Salt Industry by the Salt (Additional Import Duty) Act, 1936, ends this year, and should be renewed only in the interests of the industry on the continent of India.

APPENDIX 42

Railway Budget for the year 1938-39

Letter No. 527 dated 16th February 1938 from Chamber to the Secretary to the Government of India, Communications Department, New Delhi.

The Committee of the Indian Merchants' Chamber have considered statements made by the Honourable the Communications Member and the Chief Commissioner of Railways while presenting the Railway Budget for 1938-39 before the Central Legislature. They welcome the turn of the tide which has given a surplus of Rs. 121 lakhs as against an estimated surplus of Rs. 15 lakhs for the year 1936-37, and an anticipated surplus of Rs. 282 lakhs as against a budgetted surplus of Rs. 15 lakhs for 1937-38, and an estimated budget surplus of Rs. 2.55 crores for 1938-39.

Railway budgets have in recent years been always associated with loss, so that it is refreshing to have surplus years, though the profit available is not such as may naturally be expected from the railway assets. If the railway administration is carried on with an eye to perfect economic working and on the lines of what commercial private enterprise should have been, it would yield a dividend not of 4.2 per cent on which the Chief Commissioner of Railways congratulates himself, but a much higher dividend. Railways enjoy a monopoly which many private commercial enterprises do not. They also enjoy other correlating advantages of Government patronage and Government influence, plenty of capital to work with, a block capital of hundreds of crores and are the most important carriers in a country with the vastness of size and population as India. Unfortunately, there is not that contact between the commercial community and the railways, a feature which was regretted even by the Wedgwood Committee. There is no indication in either of the statements that this position has been still appreciated by Government; nor any indication that steps are taken or are being taken to bring about a closer contact of the railways with the commercial community. My Committee are glad to note that the Honourable Sir Guthrie Russell observed in his speech

that every rupee saved meant a rupee added to the net earnings or to our surplus. Unfortunately, this wise precept is not translated into action, as still the rate of expenditure of the railways, both capital and recurring, does not show signs of that far-sighted retrenchment which appears to be necessary in a country like India, as the Wedgwood Committee put it. The Committee of the Chamber also feel that the lot of third class passengers to which the Wedgwood Committee paid so much attention, has not claimed that attention from the Government of India which it deserves. They are the best customers of the Railways and any delays which occur in giving them the amenities of life which are their due, react adversely upon the revenues of the Railways.

My Committee take this opportunity to point out that the Railways have neglected one big source of revenue, which is, the industrialisation of the country. The Railways have not adopted the far-sighted and statesmanlike policy of helping the industrialisation of the land, which would give them a much more added traffic, both in men and materials. Both agriculture and industries can be helped by the Railways and it is because they have not done so, that they have now been obliged to compete with the Road traffic, a menace which did not exist upto recently. It is because the motor traffic gives to industries and agriculture what the railways were not able to do or were not inclined to do, it has stolen a great march over the railways, and the railways are faced with a great loss in revenue even in time to come as a result of this competition. Even now, however, it is not too late. The railways have it in their power to afford help to industries and agriculture, which the motor traffic even cannot do, and if the railways adopt a bold line of policy they can add to their own revenues while *pari passu* building up the prosperity, both industrial and agricultural, of the country at large.

My Committee beg also to suggest a radical revision in the scales of salaries, as without this the top-heavy administration of railway will persist. My Committee observe that it is proposed to spend Rs. 91 lakhs on the improvement of traffic facilities such as remodelling of stations. They hope that this remodelling will not be on the lavish and extravagant

scales observed in the case of several stations, which the Wedgwood Committee also had condemned.

My Committee suggest for the serious consideration of Government that they may lay down a 10-Year programme for facilities to third-class passengers, Indianisation of services, and construction of Capital Works. Without such a programme, any items of work taken up do not appear to be regular links in a chain, but appear to be desultory, which detract both from the point of view of efficiency and economy.

APPENDIX 43

Budget of the Government of Bombay for the Year 1938-39

Letter No. 682 dated 2nd March 1938 from Chamber to the Secretary to the Government of Bombay, Finance Department, Bombay.

The Committee of the Indian Merchants' Chamber have considered the speech of the Hon'ble the Finance Minister introducing the Budget estimates for 1938-39 of the Government of Bombay in the Legislative Assembly on Friday, the 25th February 1938. Referring to the retrenchments effected, the Hon'ble the Finance Minister mentions a number of reductions in expenditure in the shape of grants to Local Bodies. The last cut is effected by reducing the share of Tobacco Revenue in the Bombay City to the Corporation by 5 out of 16 lakhs and by cuts in certain other grants to other Local Bodies to the tune of another 5 lakhs. These grants to the Bombay Municipal Corporation and to the Local Bodies in the mofussil were meant to provide for social and rural reconstruction and for nation-building work. The finances of the Local Bodies in the districts are proverbially very poor and it is doubtful if they can get further revenues by additional taxation as Government evidently want them to do. If the financial affairs of local bodies have to be set right, it should be by a rigid scrutiny and by a stricter audit. But any attempt at retrenchment in the finances of Government by cutting down the grants to local

bodies will react adversely not only upon those local bodies, but upon the areas with which they are concerned. It was one of our complaints in the past that the parsimonious and cheeseparing policy of the Government of the day to the local bodies led to the decay of rural and urban industries and neglect of social and rural reconstruction work. It appears that this policy is wanted to be pushed even further by such a large retrenchment of Rs. 5 lakhs in the grants to the local bodies. My Committee hope that this grant will be restored and there will be no retrenchment in the grants to the local bodies and Municipal Corporation. The taxable capacity of the rate-payers of the City of Bombay has also been reached and it is no use draining the milch cow of Bombay to provide further revenues.

The continuance of the Stamps and the Court fees and the levying of a heavier Electricity Tax are indications that the tax-payer need not expect any remission. Writing so further back as the year 1932 the Committee of this Chamber had observed that the taxable capacity of the people had been reached. Since then no efforts have been made to reduce this taxation and even now it appears that no reduction will be vouchsafed. The proverbial tendency of emergency measures of taxation to remain permanent has thus been unfortunately manifested in the case of these measures of taxation. It is likely that the Government are not able to reduce taxation or promise any reduction because of the different schemes of social reforms they propose taking on hand.

My Committee welcome the efforts of Government to ratify their promises with regard to prohibition. The business community will welcome prohibition as it will add to the efficiency of the workmen and also to an economic amelioration of their conditions of life. At the same time, they also welcome the apparent intention of Government to hasten slowly with regard to this question, as any attempt to introduce this measure over such a tract of land like the Presidency at once, will lead not only to a financial debacle but also may lead to a social upheaval.

There is an item provided for an increase of Rs. 34 lakhs for education. My Committee hope that sufficient consideration will be given before any new schemes of education are introduced as such schemes are bound to react upon the trade and industries of the Presidency. Full and free consultation in such matters is necessary with representative organisations not only concerned with education, but also with trade and industries.

My Committee have from the very beginning strongly expressed themselves in favour of the development of cottage industries and especially hand-spinning and weaving. But they do not approve of the idea of providing any amounts for the purchase by Government of such articles specially when their cost may be more than that of other Indian articles and their lasting quality may be less. The taxpayers should not be expected to meet the cost of an administration which gives preference to one class of articles as against another though the former may be costlier and of less lasting qualities. My Committee thoroughly approve of the grant to the All-India Spinners Association for experiments in Khaddar and would welcome even a bigger grant if it would make it economically successful. But they think that actual patronage of Khaddar should be left to the richer classes and not to the taxpayers of the Presidency.

Some disturbance in the market was caused after the statement last year of the Hon'ble the Finance Member with regard to nationalising Public Utility Companies and particularly the Electrical Energy Companies and my Committee are glad to note that the Hon'ble Minister has now, to some extent, re-oriented his views and put greater stress upon a rational examination of all the problems involved. He is right in saying that "if we desire to develop our agriculture properly, the provision of cheaper electricity to all parts of the Province is an essential first step." Even while he says that "the industry cannot, therefore, be left unregulated and uncontrolled merely for the benefit of capital," he fully "recognises the claims and rights of capital invested in this industry which must be duly safeguarded." At the same time, he also observes that "the electrical power is a matter of

national concern and cannot be allowed to be controlled exclusively in the interests of capital or of a few individuals." My Committee cannot subscribe to any doctrine of nationalisation of electrical concerns and while they appreciate the efforts of Government to introducing some control over the companies for the benefit of agriculture and industrial development of the Presidency, they cannot subscribe to the doctrine that nationalisation is necessary or will be helpful for such objects. My Committee will examine the proposed new licensing system both with regard to new and old concerns and will send their considered reply after some time. In the meanwhile, they request Government to be pleased to consider this question of nationalisation seriously and not to arrive at any decision or conclusions before the commercial community has had time to give its views.

One part of the speech which my Committee welcome most is with regard to the question of economic development of the Province both agriculturally and industrially. My Committee are glad to note that Government have decided to appoint an Economic and Industrial Survey Committee and have provided a sum of Rs. 25,000 for this survey. Such a survey has long since been overdue and the economic development of the Presidency was retarded, if my Committee may say so, on account of the absence of such a survey. My Committee hope that now such a survey has been undertaken, it will be carried out in a very careful, systematic and scientific manner and that Government will devote sufficient funds to make the survey a comprehensive one. It is hoped that the Committee will consist of men of outstanding abilities in the sphere of economics as also practical industrialists and agriculturists who may have devoted their lifetime to the study, both from theoretical and practical aspects, of these problems.

My Committee appreciate the desire of Government to give impetus to small industries. They should like to reiterate again what they have already said that the recent application of the Factories Act to small factories employing 10 or more men is calculated not to help but to seriously impede and hamper the work of the small industries. In fact, there is a

danger that if the Factories Act is rigidly applied to the small factories, many of them will have to close down.

With regard to organised industries also, my Committee recognise that Government are sincerely anxious to help them. But the way in which labour ameliorative schemes are pushed on either in the shape of legislative or executive orders makes the commecrial and industrial community apprehensive that the organised industries will not have an easy time of it with such new measures. My Committee have written to Government already with regard to such schemes at different times and do not wish to dilate again on them in detail here. What they want to point out is that industries both large and small, can be made to act as great feeders to the Government revenue provided that measures are taken to foster and develop them and that no steps are taken which will come in the way of their normal course of development.

APPENDIX 44

Enquiry into Defence Expenditure

Letter No. 2795 dated 30th September 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

The Committee of this Chamber have considered the statement made by the Hon'ble the Finance Member in the Central Legislative Assembly on the question of India's Defence expenditure. An announcement was also made during the course of this statement that having regard to the increased cost of modern armaments, the desirability or organising, equipping and maintaining the forces in India in accordance with modern requirements, and the limited resources available in India for defence expenditure, His Majesty's Government had appointed an Expert Committee to examine and report, in the light of the experience gained in executing the British re-armament programme how these resources could be used to the best advantage and to make recommendations. It appears from the discussion which

went on on this statement that the Expert Committee will not have any Indians on its personnel. My Committee will be much obliged if you will be pleased to let them know if this is true. My Committee would protest strongly if the Expert Committee is not going to have some Indians on its personnel. This question affects, to a very large extent, the question of India's defence. For years past a demand has been made by representatives of the people of the country, both inside and outside the Legislature, for retrenchment in the heavy expenditure on defence. While it is a fact that there has been some reduction and retrenchment in the expenditure, a still further retrenchment is necessary if the financial condition of the country is fully taken into account. Whether this retrenchment has to be effected by substantial contributions by His Majesty's Government, or by reducing the expenditure on the Army has to be worked out by mutual consultation between leaders of Indian public opinion and representatives of Government. The British Government has already made a beginning by announcing a capital contribution of £5 millions and an increase in the annual contributions by £50,000. It is felt, however, that this does not go to the root of the problem, and that both fairness and equity demand that the whole of the expenditure at present entailed by the British contingent in this country should be met with by the British Government. All these considerations demand the presence of representative Indians on the Expert Committee and my Committee beg, therefore, to urge most emphatically that Government will be pleased to have some representative Indians on the said Committee in order that their suggestions and recommendations may be thoroughly fair, just, impartial and in the interests of this country.

APPENDIX 45

The Rupee Ratio

Telegram dated 8th June 1938 from Chamber to His Excellency the Viceroy of India.

Committee Indian Merchants' Chamber respectfully but urgently invite His Excellency's attention on a vital problem.

They are surprised that Government should turn down without examination various suggestions made from many quarters for the alteration of the Rupee Sterling Ratio. It is still more surprising that Government should be so laconic in their communique and should not give any explanation of their stubborn policy or mention grounds why they have turned down the suggestion. The general expression used by them in the interests of India is one which is capable of the narrowest interpretation or the widest. It is obvious that the Government of India are obsessed by the possible effect of the change of ratio on their budgetary position but the public is concerned with the plight of the producers or interests of India in the widest sense. With several Agricultural commodities enjoying tariff protection and many other Agricultural Commodities in serious distress and demanding tariff protection the position of general distress is one which merits a closer examination than Government appear to have given. Committee feel that Government are neglecting their clear obligation to the agriculturists of India and to the other classes with reference to their economic condition. No country in the world after the War has appreciated its currency as the Government of India have done as a deliberate measure and the effect of artificial deflation has been that India did not benefit from trade revival but is more actually hit now when there is a trade depression throughout the world. Whatever the situation was in 1927 new developments render immediate action necessary. Committee urge that there are more important issues involved than the narrow financial issue which is the only one which seems to appeal to the Finance Member. They feel that there are considerations other than financial which ought to be taken into account and they hope that the decision of this matter by the Government of India will be decision by the whole Government. Depreciation was forced on the United Kingdom, United States and latterly on France. It has been adopted as a deliberate measure by other Governments. It passes our understanding why the Government of India should refuse even to examine the position. Committee protest against the proposed thoughtless frittering of India's currency resources once more on bolstering up an uneconomic ratio.

Telegram dated 8th December 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

Committee Indian Merchants' Chamber understand that New Zealand Government have resolved on far-reaching steps designed to conserve their sterling funds. Various steps reported indicate as the New Zealand Premier said a definite plan of National Development. He also calls it an honest attempt to raise standard of New Zealand. As against this in India since the beginning of the current financial year Reserve Bank have been experiencing increasing difficulties in obtaining their sterling requirements and have been dissipating their sterling funds in London. The higher rates of interest paid on Weekly Treasury Bills at a time when money in financial centres is difficult to lend suggests deflationary policy to bolster up Eighteen Pence Exchange. When the policy all over world is to keep money cheap to provide stimulus for trade and industries Government persistence in paying higher rates of interest on treasury bills would defeat this object. Committee would like to know whether any steps have been suggested by Reserve Bank and if so what action Government propose take thereon.

APPENDIX 46

The Rupee Ratio and the Reserve Bank

Letter No. 1992 dated 7th July 1938 from Chamber to the Governor, Reserve Bank of India, Bombay.

The Committee of the Indian Merchants' Chamber have been long since feeling that the continuation of the Rupee Ratio at Sh. 1|6, a basis, which was wrong even in 1927 when it was fixed, has worked disastrously for trade, industry and agriculture of this country. Since then there is growing evidence that even those few individuals and associations, who had favoured the Sh. 1|6 ratio have realised that there was the fullest justification for a Sh. 1|4 ratio in Indian interests. The artificially higher ratio fixed by Government has proved disastrous. The phenomenal fall of prices, which came in

1930, has never been corrected and the producer, both in industry and in agriculture, has been undergoing a difficult time, speaking generally. In particular, the agriculturist has either to be protected or to be left to his sad plight, when the net realisation by him is hardly enough to cover his costs. There is no doubt that there is something wrong fundamentally with the basis of valuation in India. With this conviction, commercial bodies all over the country including this Chamber, have urged on Government the necessity of changing the ratio forthwith and of further enquiring thereafter what a permanent basis of valuation should be in this country.

A clear duty on the Reserve Bank authorities is provided by section 55 (2) which reads as follows :—

> "When the Bank is of opinion that the international monetary position has become sufficiently clear and stable to make it possible to determine what will be suitable as a permanent basis for the Indian monetary system and to frame permanent measures for a monetary standard it shall report its views to the Governor-General-in-Council."

But my Committee are convinced that, whatever the wording of this section may be, and even if such a section were not provided under the law, the obligation to tender advice on relevant monetary matter devolves on the central reserve bank in every country in the world, and the Reserve Bank authorities in India could not be free from such an obligation.

The Directorate of the Reserve Bank would reflect, it was expected, the opinion of the country, in spite of the fact that the Reserve Bank is a shareholders' bank. It is acknowledged that your Board—Central and Provincial—has some very eminent businessmen. I have been directed by my Committee, therefore, to request that this matter should receive early consideration at the hands of your Board and your Board should tender to Government such advice as they may, after relevant examination of all the factors, deem proper.

It is well-known that the Government of India are consistently refusing to consider the issue. It is also well-known that public opinion in India is getting more and more restive over this problem. My Committee trust that the Reserve Bank authorities, who have the means, not only of getting at public opinion, but of weighing up the pros and cons of the problem, will not fail to do their duty. If Government thereafter persist in what we have always regarded as a very erroneous policy, the blame will be entirely theirs.

I am to request the favour of an early reply as to whether the Reserve Bank authorities are considering, or have considered this problem and have tendered their advice to Government on this subject.

APPENDIX 47

Reimposition of Stamp Duty on Cheques

Telegram dated 16th February 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

Committee Indian Merchants' Chamber have viewed with great perturbation and misgivings proposal to levy Stamp Duty on Cheques which was abolished by the Indian Finance Act 1927 in pursuance of the recommendations of the currency commission. That step was taken to encourage banking. The Banking Enquiry Committee almost unanimously favoured the stamp duty not being reimposed and proposal in the budget for 1933-34 to reimpose the stamp duty on cheques was strongly protested against and was ultimately dropped. Committee consider that reimposition of this duty will seriously interfere with the development of banking habit in the country specially as there are still large tracts of land here where banking has to be introduced on modern lines and will also affect materially small investors. Committee strongly urge that this proposal should be dropped from the Finance Bill introduced by the Honourable Finance Member the other day.

Telegram dated 22nd February 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

With reference to Bill number one of 1938 to fix uniform rates for levy of certain stamp duties on Bills and to impose for two years a stamp duty on cheques, Committee Indian Merchants' Chamber beg to lodge in continuation of their protest of sixteenth their earnest protest against any further progress of this Bill. Committee are convinced that in absence of figures regarding the increase of banking habit amongst the people since 1927 it is definitely wrong for Government to proceed with the Bill and it would be misleading the Legislative Assembly to encourage them to consider the Bill. Committee have strong reasons to believe that the number of cheques passing through banks and even Clearing Houses has increased substantially owing to absence of stamp duty on cheques. To handicap this good habit expanding further would be disastrous. Committee submit that Government should put before Assembly figures regarding number of cheques passing through Clearing Houses and Banks during last five years at least before they recommend imposition of stamp duty on cheques. Committee further submit that in order to ascertain views of Provincial Governments and Commercial bodies in light of criticism of the proposal consideration of the Bill should at least be postponed and opinion of Provincial Governments be obtained as also of commercial bodies and put before Assembly. Committee earnestly request Government not to undo the good work which they started in 1927 when Assembly resolved to discontinue stamp duty on cheques.

Letter No. 1445 dated 11th May 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

The question of Stamp duty on Cheques was first touched upon by the Royal Commission on Indian Currency & Finance in their Report dated 1st July 1926. Paragraph 216 of the Report is very clear and may be quoted in full here :

"Of the other measures which are understood to be under consideration, one which appears to us likely to be

particularly fruitful is the abolition of the present stamp duty on cheques. This charge is undoubtedly an obstacle in the way of the development of banking in the country. It probably tends to restrain many people from opening current accounts and so making payment by cheque instead of cash. A similar duty was at one time in force in the United States of America. It was found to be an unsatisfactory restraint upon the use of cheques and upon economy in the use of currency, and was abandoned. The abolition of the duty in India would hold out some prospect of a ready and wide adoption in the bazaars of cheques as a means of payment. This would be an appreciable step forward in the development of banking and might well prove an important factor in bringing about a profound and still more widespread change in the economic habits of the masses."

On this recommendation of the Royal Commission, the stamp duty on cheques was discontinued from 1927.

The Indian Central Banking Enquiry Committee in their Report dated 2nd June 1931 dwells on this question under the specific heading "Growth of the Cheque Habit." Paragraph 663 has got a direct bearing on this question and may be quoted here :—

"The increasing use of negotiable instruments of credit is certain indication of the growth of the banking habit. The most important of such instruments is the cheque. Evidence is forthcoming from all directions of a substantial increase in the number of cheques which daily pass through the Clearing Houses. The recent abolition of the stamp duty on cheques appears to have contributed materially to a more extensive use of the cheque not only in the Presidency towns and other big commercial centres, but also in the mofussil. The co-operative banks also recorded a rise in the number of new accounts opened and the cheques issued by them. There is, however, still a large portion of the population to whom the cheque system is a mystery. It has yet to understand and appreciate the facility and the security a cheque currency affords both the drawer and the payee."

Paragraphs 664, 665 and 666 suggest various methods by which the cheque habit may be further encouraged.

After this (after the Banking Enquiry Committee's Report) in 1933, during the regime of Sir George Schuster, he tried to reimpose a duty on cheques under, unfortunately, a misapprehension, but after communicating Government's intention to reimpose this duty, he withdrew his proposal in view of the strong opposition to this from the commercial and general public in India. The Committee of this Chamber at the time expressed their strong protest in the following words :—

"The decision taken by the Government of India to reimpose the stamp duty on cheques is, in the opinion of my Committee, not only retrograde but entirely inconsistent with their oft-repeated professions to do everything possible for the development of Banking in India.

My Committee therefore feel that if it is the aim of the Government of India to encourage the banking habit of the people of the country they should not proceed further with the proposal to reimpose the stamp duty. It has been mentioned in the Budget speech that the reimposition of the duty will benefit Provincial Governments. The total benefit however does not exceed Rs. 7 lakhs per year and it is a matter for consideration for the Government of India that whilst they were prepared to spend not less than 15 lakhs on the Banking Enquiry Committee two years ago they now propose to take a definite step discouraging the banking habit for an amount which can be said to be comparatively small when distributed among the various provinces in India. My Committee therefore hope that the Governor-General-in-Council will reconsider the position and disapprove this item of taxation."

It is understood that the proposal to reimpose the stamp duty on cheques has now been put forward in order to enable a lower stamp duty on Bills being made feasible. It is further understood that the various Provincial Finance Ministers have given their approval to this and the contention of the Indian commercial public and the public at large is that this approval

was given by the various Provincial Finance Ministers in the absence of any facts or figures justifying a reversal to the policy since 1927.

It has been said that the amount of money passing through the Clearing Houses has not increased. The question is, has the number of cheques passing through the Clearing Houses increased since 1927. In view of the fall in world prices since 1929 the values have gone down all over the world and it is understandable that the amount passing through the Banking Clearing Houses may not have increased, but in the absence of information as to the number of people who used cheques since 1927, it would be completely erroneous to draw the conclusion that the exemption on cheques from stamp duty has not led to the increased use of cheques. On enquiries made of the Reserve Bank of India, my Committee understand that no figures are available regarding the number of cheques passing through the Clearing Houses. But if Government desire to back their proposed action by any sort of convincing figures, it is necessary for them to procure from the various banks the number of cheques put in by each bank through the Clearing Houses during two selected months in each year from the year 1927 to 1937. This may be a somewhat laborious task, but it is not unfeasible and my Committee submit that in the absence of such figures being produced, Government are not justified in drawing the conclusion that the exemption of cheques from the stamp duty has not led to the larger use of cheques.

My Committee further suggest that letters should be sent to all banks asking them to give figures regarding the use of cheques by account holders with particular reference to cheques under Rs. 100 during the last five years. Their information is that there has been very substantial increase in the number of persons using cheques for amounts under Rs. 100 and upto Rs. 500. They understand that the increase in the number of Indian-owned and Indian-managed banks during the last 7 or 8 years can, to a certain extent, be ascribed to a large number of middle and lower middle class people banking their small pay or income per month in banks instead of keeping them in cash, as they used to do before

1927. Enquiries may be made of these banks requesting them, under an assurance of secrecy, to supply Government with figures as to the actual state of affairs in connection with the account holders and their drawings in, say, two months each year and requesting their opinion whether an imposition of stamp duty on cheques will affect current deposits with them. My Committee feel that unless the statistics indicated and the information suggested above from the various Indian banks is made available, it would be a great mistake for Government to proceed with the Bill reimposing the stamp duty on cheques.

It has been suggested that this opposition to Government's intention is for the purpose of protecting the interests of the richer firms or what is indicated by the words "capitalist class." These need hardly be considered for the purpose of the additional charge levied on them as they on the whole recover that partly from the interest paid by the banks on their balances with them. It is, however, parties that deposit less than Rs. 200 to Rs. 300 in banks on an average in a month and who are not eligible to earn interests on their deposits in current accounts who will be primarily affected, and it is this class which has to be cared for in this question. It is not the lakhs of a few hundred firms which go to make up the largest portion of the amounts of current money available during the month; it is the hundreds and fiftees of the very large number of middle and lower middle class people which form the biggest portion of the money available and it is this portion which will be driven away from banks by an attempt to impose a stamp duty on cheques, be it ever so small.

A person banking Rs. 100 a month, drawing it out by 6 or 7 cheques before the end of the month would not like to spend annas four or annas eight a month avoidably and it is this mentality—which is the mentality of the masses of the people,—which led to the unanimous recommendation of the Royal Commission and the Banking Enquiry Committee quoted above.

My Committee understand that the Reserve Bank of India brought to the notice of the Government of India that, in view of the prevailing low rates of interest, the amount of

money borrowed on Hundis has fallen substantially during the last few years, when the money market ruled round about 3% bank rate. The rate of the stamp duty on Hundis was fixed on the basis of interest rates then ruling round about 6% and higher during the season; Hundis cannot bear the same with interest rates at 3% and thereabout; and hence my Committee understand the Reserve Bank suggested that the stamp duty on Hundis may be lowered,—a proposal with which my Committee agree. Whether the low money rate prevailing at present is a temporary feature or not, it is difficult to dogmatise. But my Committee have no hesitation in saying that taking advantage of this peculiar phase of the money market during the last few years, it would be a blunder on the part of Government to saddle the cheque system with a stamp duty. Under all these circumstances, my Committee strongly urge that there should be no effort made for progress of the Bill imposing a stamp duty on cheques until the enquiries and figures indicated above show satisfactorily that the number of cheques used by the public at large and thereby the public commanding smaller means has not substantially increased.

It has been mentioned in the Bill that cheques drawn on co-operative banks should be exempt from the stamp duty. My Committee have no objection to this. But they wish to enquire why the Government of India found it necessary to keep this exemption if they felt that stamp duty on cheques was no handicap on the banking system. It may be said that the reason for this is to give relief to the agricultural classes. What percentage of agricultural classes have got money to deposit in Banks? My Committee infer that relief is not to be given to the middle and lower middle classes and if their inference is correct, they feel that this very exemption provides a conclusive argument against the imposition of stamp duty on cheques, unless the Government of India feel that they do not care to attract to true commercial banks the receipt of deposits from month to month of non-agricultural middle and lower middle classes.

Suggestions have been made from some quarters that a stamp duty of half-anna or quarter-anna may be tolerable.

My Committee feel that the question involved here is mainly one of principle and in view of the two unanimous recommendations quoted above, they feel that there should be no tinkering with the cheque system for a gain of, say, two lakhs of rupees a year for the whole of India (11 Provinces), just the estimated income from stamps on cheques with a quarter-anna duty. The effort appears to be absolutely incommensurate with the amount involved, even on the basis of 8 lakhs revenue at one anna stamp duty. The stamp duty on cheques was not removed for any purpose other than that of attracting money of the people from month to month to banks. If a citizen in America cannot afford a stamp duty on his cheque, it is almost ridiculous to think that any such duty in India is justifiable on any consideration.

A question may be asked why the Chamber is anxious to see that cash is with banks and not with private coffers. The reply is obvious. With an institution like the Reserve Bank for the monetary system in India, one takes it for granted that the control that the Reserve Bank is to exercise over currency and credit can be exercised only when all the cash is in banks where it is available for purposes of assessment of money market by the Reserve Bank. To do anything now which may handicap this aim appears to my Committee to be a definite retrograde step and it is difficult for my Committee to understand how the Finance Member could conceive of putting before the Legislature a measure which may expose banks to the risk of losing their current accounts.

My Committee can understand the provincial Finance Ministers asking to be compensated for lower revenue which may be involved in a reduction on stamp duty on Bills. Banking is a central subject and to that extent is under the direct guardianship of the Finance Member of the Government of India. They feel that in putting forward this measure before the Legislature, the Finance Member tries to pass on the responsibility to the Provincial Finance Ministers, whereas it is primarily his and my Committee cannot sufficiently deplore that the Finance Member of the Government of India did not bring this aspect of the question before the Provincial Finance Ministers. In fact my Committee under-

stand that as soon as the Reserve Bank was apprised of the Government of India coupling a reduction of stamp duty on bills with reimposition of stamp duty on cheques, a protest on behalf of the Reserve Bank was conveyed without delay to the Finance Member at Delhi. My Committee also understand that the various Local Boards of the Reserve Bank have supported this protest. They fear that there has been a lapse on the part of the Finance Member in putting forward the suggestion which he has done.

APPENDIX 48

Income-tax (Amendment) Bill, 1938

Letter No. C. No. 250-I.T./38 dated 14th April 1938 from the Secretary, Central Board of Revenue, New Delhi to Chamber.

I am directed to forward herewith five copies of the Income-tax (Amendment) Bill, 1938 and to request that the Board may be furnished with your considered views on the provisions of the Bill. I am to say that the reply to this letter may be sent so as to reach the Board not later than the 15th August 1938.

Letter No. 2340 dated 13th August 1938 from Chamber to the Secretary, Central Board of Revenue, Simla.

I am directed to refer to your letter No. C. 250 I.T./38, dated 14th April 1938 and to send to you hereby the views of my Committee on the Bill further to amend the Indian Income-tax Act, 1922, introduced in the last session of the Indian Legislative Assembly.

Need for a Consolidating Bill

At the outset my Committee wish to express their disapproval of the procedure of making such radical and far-reaching changes in the Income-tax Law by an amending Bill. The requirements of the case called for a consolidating and amending Bill. When the law is sought to be amended

in material respects, it is but fair that the Legislature be given ample opportunities to consider and discuss provisions or sections on which Government may not have thought it fit or necessary to table amendments. As it is by the Rules of Procedure of the House, members of the Legislature are prevented from tabling new amendments or suggesting new provisions, except in relation to clauses or sections specifically covered by the Bill. If Government consider it not possible at this stage to change the procedure and substitute a consolidating Bill they should at least be willing to obviate the technical difficulty referred to above by themselves agreeing to place before the Legislature amendments suggested by members, on sections and provisions not covered by the Bill.

Views of Public Bodies

The provisions in the Bill generally follow the recommendations of the Income-tax enquiry report, 1936, as have been accepted by Government. It is pertinent to point out here that the said report was circulated for public opinion and in response various commercial bodies all over the country submitted their views. It is disappointing to find that while drafting the Bill, Government have paid little attention to such views but have adhered more or less in toto to the recommendations of the experts. The views of the experts were vitiated by the absence of non-official association in the enquiry; it was at least expected that that omission would in part be rectified by giving adequate consideration to the views expressed by public bodies on the report. If Government are not at all to be influenced by such public views, the process of eliciting public opinion, my Committee are constrained to observe, is reduced to a farce. It is a sad commentary on the state of affairs that while Government on the one hand are always professing their anxiety for achieving and expediting the transference of governmental power to popular hands they should on the other by their methods and doings continue to show the same utter unresponsiveness to public opinion. My Committee only hope that the views that they are hereinafter submitting, and the many other public bodies in the country will be submitting, will meet with better reception at the hands of Government.

Constitutional Limitations

At the time of the discussion of the **Enquiry Report** it was prominently brought out that the provisions of the Government of India Act, 1935, stood in the way of the modification of the Income-tax Law in certain directions which on financial grounds and on grounds of principles of taxation may be deemed necessary or desirable. My Committee are referring to the exemption of interest on sterling securities and certain pensions payable by Government and the statutory bar to the removal of such exemptions by virtue of sections 178 (3), 315 (4) and 272 of the Constitution Act. After all the Government of India Act is a man-made Act, and there is nothing sacrosanct about it, as should taboo any suggestion for amending it. My Committee would at least have welcomed an assurance from Government that in response to public opinion in the country they would suggest to His Majesty's Government the desirability of amending those sections so as to allow the Indian Legislature freedom to shape their tax-proposals in respect of such income.

Expert Committee Views Disregarded

While claiming to generally follow the recommendations of the Experts Committee, Government have on important points where such views coincided with the views of the Indian Commercial Community made serious departures and even made changes which the experts reported against. Thus the experts suggested that the foreign income of residents should be dealt with on the basis of the whole income arising, and expressed themselves against a modification of the accrual basis by a domicile qualification. They in fact pointed out that such a differential treatment would be open to the objection that it amounted to a discrimination in favour of Europeans. In spite of these views the Government have thought it fit to introduce in the Bill the domicile factor thus introducing the very reactionary feature of racial discrimination in taxation. But here the discrimination is in favour of the favoured race. The commercial and other safeguards in the Government of India Act were claimed as necessary to prevent discrimination against Britishers. The Income-tax

Act goes a whit further and proposes to confer privileges amounting to discrimination in their favour. Safeguards seem more to be necessary for preventing discrimination against the sons of the soil in their own country. It may in passing be pointed out that in 1931 the Legislative Assembly rejected a proposal for introducing the domicile factor in the Indian Income-tax Law. An attempt is being made to introduce that factor. Again, the experts recommended the institution of an Income-tax Tribunal for appellate procedure, a reform which has long since been demanded by the Indian Commercial Community. This recommendation has not been followed in the Bill. Thus in important matters where the views expressed by the experts have met with general approval, the Bill embodies differing views.

Goes Beyond U. K. Law

In the notes on clauses, it is claimed in many places that the change follows the U. K. Law. While my Committee cannot concede that a system suitable to a highly industrialised, commercialised, literary and advanced country like United Kingdom, is also suitable to a country like India, they wish to point out that in various respects the proposals in the Bill go beyond the English Law. Thus distribution of capitalised profits in the form of bonus shares is to be made liable to tax, although a similar proposal was considered and rejected in United Kingdom. The incomes of the husband and the wife are to be aggregated for tax-purposes while the corresponding allowances given to wife and children in that country are denied here. Income-tax inspectors are to be vested with extraordinary powers, enabling them to enter without notice the premises of assessees and take search, a power not enjoyed by the income-tax authorities in U. K. The demand for adopting here the basis of computing income of Life Assurance as followed in England has not been conceded. The English Law is the guide philosopher and friend of the framers of the Bill so far as it suits the tax-collector but that law recedes into the background when the question of any relief to the tax-payer is concerned.

Slab System

The Bill tries to get the Legislature committed to the slab system in an indirect manner, without giving it an opportunity to discuss and vote on the system as such. The details of the "slab" and the scale of rates proposed should have been indicated in the Bill. It would then be possible for the Legislature and the Commercial Community to evaluate the effect of the new system. It is not even known if the slab as recommended by the experts is to be taken as the basis. If necessary, that the rates are to be annually confirmed by the Finance Act may be recognised by a specific provision to that effect. In the absence of such material particulars, my Committee are not in a position to give their unqualified support to the new system.

My Committee will now proceed to give their views on the clauses of the Bill seriatim.

Clause 2 (b)—Section 2 (6A)—"Dividend"

My Committee are opposed to the proposed definition of "dividend" with a view to making bonus shares, bonus debentures, etc., liable to Super-tax in the hands of the shareholders. The proposal involves taxation of capital which is not a feature of the Indian Income-tax system. My Committee also do not see the need for this innovation. Such income has already paid tax in the hands of the Company and it is not fair that the shareholder, who does not receive the "income" in cash should be asked to bear tax on the same. The proposal does not take into account the possibilities of a deterioration in the future cash value of such capital receipts and assumes that such scrips would at all times be convertible into cash of an equal amount. It is also objectionable to try to alter an important legal decision by giving an arbitrary meaning to a commonplace connotation. The condition of Indian industrial enterprise would not justify any restriction on the rights of a company to capitalise a portion of its profits and the proposal would do considerable harm in a country like India, where capital is considered to be extremely shy. It is suggested that the proposal would mean only liability to Super-tax on such receipts and that there is no intention

to collect income-tax thereon. The claim however, does not represent the exact position. Under section (6C) income is defined to include "dividend," and therefore such receipts will be taken into consideration in computing income. Although income-tax may not be collected on the amount of the "dividend," the inclusion of it in income will have the effect in certain cases of raising the total income beyond the limit in the particular gradation, thereby making the higher rate applicable. Thus it may even result in the whole income being assessed at a rate higher than that applicable to the assessee otherwise. My Committee therefore strongly recommend the deletion of this new definition of "dividend."

Clause 4—Scope of Tax

My Committee approve of the enlargement of the scope of tax by making the world income as the basis of a resident's tax liability. They however take strong objection to the modification sought to be imposed by the domicile qualification. This distinction with the further provision for treating differently the income from business profession or vocation and that from other sources of a person resident but not domicile seeks to give a privileged treatment to a particular class of assessees. The proposal would mean racial discrimination direct and recognised. Even the Experts Committee acknowledged the invidious character of such distinctions and discounted it. My Committee emphatically protest against the same and hold that, whether domicile or otherwise the basis of taxation should remain the same. The State and the country affords the same protection and opportunities to the person whether domiciled or otherwise and considerations of equity and good sense demand that the obligations should also be uniform.

The attention of my Committee has been drawn to the practical difficulties involved in the proposal to tax foreign income on the accrual basis. Currency control, exchange restrictions, blocked credits, production of account books of foreign transactions, etc., may lead to considerable inconvenience to assessees. My Committee would like Government to examine these difficulties and make administrative arrange-

ments which would minimise such inconvenience. Particularly in the matter of production of accounts statements certified by certain authorities recognised for the purpose should be deemed sufficient proof and the production of the books as such should not be insisted upon. My Committee believe that such difficulties can be adjusted by administrative arrangements.

Clause 4—Explanation 2

There is no valid reason for excluding pensions earned in India, although payable abroad, from tax. My Committee have elsewhere already strongly protested against exempting Government pensions covered by the Government of India Act. At any rate the statutory bar does not apply to pensions not covered by the Act and to pensions paid by commercial concerns or public bodies and such pensions should not be exempted, as is sought to be done by the explanation. It is pertinent to point out that the Enquiry Committee were in favour of taxing the latter category of pensions.

Clause 4—Section 4 (3) (v)

This sub-section, as it stands in the Act, excludes any capital sum received in commutation of pensions, insurance amounts, etc., from taxation. The amending Bill proposes to delete the sub-section on the basis that as such capital receipts cannot be treated as income no specific exemption is necessary. My Committee are however inclined to recommend that commuted pensions should be made liable to tax. Such pensions, if not commuted, will be taxed annually and there seems to be no justification for conferring an additional advantage on commutation in the form of exemption from tax.

Clause 4 (b) (ii)—Section 4 (3)—Charitable or Religious Trusts

My Committee are opposed to the provisions in sub-sections (*a*) and (*b*) limiting the exemption of business income of a charitable institution to cases where such business is carried on in the cause of furthering the primary purpose of the institution or where the work in connection with the

business is carried on by the beneficiaries. They recommend that income from business of such institutions should be excluded without any reservation.

Section 4 (3) (viii)—Agricultural Income

The exemption of agricultural income is continued. Even the suggestion of the experts that the agricultural income of an assessee should be taken into account in fixing the amount of tax payable on his other income has not been accepted. My Committee need not repeat here the comments such a position evoked in the past. My Committee reiterate that in a country like India with a large agricultural population this tax resource should be tapped. They, however, recognise that under the Government of India Act agricultural income is a provincial source of taxation. They would therefore couple their recommendation for taxing this income with a proposal that the entire proceeds of such a tax should be distributed to the provinces concerned on an agreed basis. My Committee realise that the above proposals would necessitate an amendment of the Government of India Act.

In any event my Committee are of opinion that, as recommended by the experts in page 8 of their report, income from usufructuary mortgages should be made liable to tax.

Clause 4 (b) (iii)—Section 4 (3) (iii)—Local Authorities

My Committee are opposed to the exclusion of income from certain descriptions of trade or business of a local authority from the exemption. They feel that income from all sources of local authorities should be free.

Clause 5—Section 4A—Definition of Residence

My Committee are inclined to think that questions as to residence and control are mainly questions of fact and that there should be no need for a definition. They therefore feel that no separate definition is necessary. At all events they are strongly opposed to the proposed definition for residence of companies and firms. The test of control and management is arbitrary. It would have the result of exempting many companies from taxation on world-income basis only because the Board of Directors meet and decide questions of policy

from outside British India, although the main business of the company may be resulting from operations in India. My Committee fear that this provision is designed to help many British Companies in India with registered offices in United Kingdom. They therefore recommend that liability on world-income basis should not be evaded by such arbitrary definitions.

If however definition of residence is considered necessary, so far as Companies are concerned the definition proposed in Clause 7 of the Bill attached to the Income-tax Codification Committee Report, reproduced hereunder, would, in the opinion of my Committee, meet with the requirements of the situation :

"A company shall be treated as resident in the United Kingdom in a year of charge if it is controlled in the United Kingdom, or if it maintains in that year an established place of business in the United Kingdom and any substantial part of the activities of the company, whether administrative or other, is conducted in the United Kingdom, but a company shall not be treated as so resident by reason only of the fact that it has a registered office in the United Kingdom at which is transacted such administrative business only as is necessary to comply with the requirements of the Companies Act, 1929."

Clause 6—Section 5

My Committee are opposed to the creation of a new cadre of officers entitled Income-tax Inspectors. Under a later provision such Inspectors are vested with extraordinary powers and as they are opposed to such powers they are against the very creation of this new class of income-tax authority.

Clause 7—Section 6—Classification of Income

In connection with the question of classification of income for the purpose of income-tax assessment, my Committee would like to point out the difficulty experienced by them in conforming to the requirements of the Parliamentary Order relating to qualifications of electors in Commerce constituencies for the Reformed Legislature. One of the quali-

fications prescribed is the payment of income-tax on a specific income derived from commerce or industry. Practical difficulties were felt at the time of the preparation of the Roll for the Bombay Provincial Legislative Assembly in ascertaining the income derived separately from commerce and industry of members entitled to be on the Roll. Under the present practice neither the demand served upon an assessee nor the receipt granted to him disclose the head of categories of income. In order to obviate this difficulty, it is necessary that classification of income should be such as would make such ascertainment readily possible. To this end my Committee wish to recommend the following changes in the classification proposed :—

(*i*) **Salaries.**—This should be divided into two parts : (*a*) salaries from commercial or industrial occupations and (*b*) other salaries.

(*ii*) **Profits or gains of business, profession or vocation.**—This should be divided into two parts : (*a*) profits or gains from commerce or industry and (*b*) profits or gains from profession, or vocation.

My Committee are not suggesting any changes in the five classifications proposed in the Bill. They only wish to amplify the two heads in question with a view to income in both cases from commerce or industry, being separately recorded.

Clause 8—Section 7

The amendment proposed makes sums due as salaries liable to tax on the date, when they are due, whether paid or not. My Committee suggest the addition of a proviso to the effect that in respect of arrears of salaries remaining unpaid the necessary adjustment should be allowed in subsequent years.

Section 8—Interest on Securities

Interest paid on moneys borrowed for investment in securities should be allowed as a deduction. It would appear that this allowance is made now under executive orders. Such allowance should be recognised by a definite provision in the Act. Interest paid on all borrowed moneys should be allowed

against the income resulting from the investment or utilisation of such moneys because such income is taxed and there is no justification for insisting on proof of a specific intention to invest borrowed moneys.

Clause 9—Section 9—Property

Over and above the deductions in respect of property allowed under Section 9 of the Indian Income-tax Act, an additional item, viz., incidental expenses necessary for earning the income should be permitted as a deduction. For example, for a property which is used as a stable the licence fees should be allowed as a deduction. Brokerage and legal expenses for the creation and renewal of mortgages should also be allowed.

Depreciation at a reasonable rate should be allowed on all properties assessed under Section 9 of the Income-tax Act.

My Committee also wish to reiterate the following suggestions made by them before the Income-tax Experts :—

(*i*) Property wholly owned and occupied by non-trading Associations such as Clubs, Stock Exchange, Trade Associations, etc., should be exempt from tax.

The amendment proposed to Section 9 (1) (iv) restricts allowance of interest on a charge against a property only if the said charge was created at the time of the acquisition of the property and for the purpose of acquiring, repairing, renewing or reconstructing the property. My Committee are opposed to this restriction. They also recommend that if the property is subject to an annual charge, such a charge should be allowed as a deduction.

In the case of an incorporated Company owning properties for purposes of investment (e.g., Housing companies), where expenses in connection with the management of the property exceeds 1|6th of the value, the actual expenses should be allowed while computing income for tax purposes. Preferably income from such properties should be assessed under Section 10, as income from business.

Clause 10—Section 10 (2) (ii)

The rent paid for premises in which business, profession or vocation is carried on should be allowed fully, whether or not any portion of the premises is used by the assessee as a dwelling place.

Section 10 (2) (iii)

The words "Capital borrowed" in the sub-section be substituted by the words "moneys borrowed and/or deposits and in respect of moneys held in deposit for specific purposes (e.g. for acquiring qualifications in certain organisations)." The proviso to this sub-section should be changed so as to allow interest *bona fide* paid to a partner on loan other than capital.

Section 10 (2) (vi)—Depreciation Allowance

The proposal in the Bill makes several changes in the existing arrangement. In the first place, depreciation at the prescribed percentages is to be calculated not on the original cost value of the plant but on the written down value from year to year. Whilst ultimately an assessee by this method will be in a position to recover 100% depreciation, the method proposed is against simplicity; for purposes of calculating depreciation for income-tax purposes, simplified accounts could be kept if the old practice of calculating depreciation on the original cost value is continued. The proposed change has no special advantage, but compared to the present method it has this disadvantage for the assessee that his annual allowance of depreciation according to the fixed percentages on the same capital cost is going to be reduced year by year, as, after the first year, it is to be calculated on the written down value and not on the original cost value. Taking a concrete example, a plant costing Rs. 100 to be depreciated at 5% according to the existing method, will be completely written off in 20 years at the rate of 5% and the annual allowance for depreciation would be Rs. 5. Whereas according to the proposed method, the allowance will last over a period of more than 20 years and the depreciation allowance will be Rs. 5 in the first year, Rs. 4.75 in the second year, Rs. 4.51 in the third year and so on.

Depreciation allowance will also be treated as an item of expense, with the result that it could be carried forward in the next year's account as losses are carried forward. Losses arrived at in the assessment of 1939-40 will be allowed to be carried forward for one year, those in 1940-41 for 2 years and so on until 1943-44 and subsequent years, when losses will be carried forward for a maximum of six years. Besides, when depreciation is allowed as an item of expense, it is only to be allowed to the extent actually written off by the assessee in his accounts even though the amount so written off may fall short of the amount if calculated on the basis of the prescribed percentages. The effect of the above changes will be that if a business which, owing to bad circumstances, has accumulated a large amount of depreciation to its credit at the beginning of the Act, continues to fare badly for the next six years and incurs losses, it would lose under the new arrangement all the available depreciation, namely the old depreciation which stood to its credit for use in future and which the new Act appears to provide should be used up in the first six years and the new depreciation to which it would be entitled in the first six years if the business earned profits. In order to safeguard his position, the assessee will have to, in a year of loss, debit depreciation to his profit and loss account although there may not be any profit from which the same could be written off, thereby increasing his loss for the year. This would enable the assessee to carry forward the loss further during the first period of six years.

By allowing depreciation only to the extent to which an assessee makes provision in his accounts, certain assessees who have written down their assets drsatically stand to suffer. This could be explained easily by a concrete example. Suppose an assessee who has incurred a capital cost of Rs. 1 lakh for his business and out of prudence from his past years' profits has very greatly depreciated his block and brought it down in his books to say Rs. 10,000; in the past the Income-tax Office would have allowed him only depreciation on the fixed percentage basis and not the large amounts which he may have written off. The result will be that he will now have only Rs. 10,000 to write off from his block account and he will only

be entitled to depreciation for this amount as and when he writes off. The further result would be that the Income-tax Office, owing to the coming into force of the proposed procedure, will deprive this assessee of a legitimate portion of his depreciation, as, in the end, against 100% depreciation, he would perhaps get only 50 to 60% depreciation.

My Committee are therefore not in favour of the written-down value method for purposes of depreciation allowance. They feel that if the written-down value system is adopted the depreciation allowance would not be in relation to the actual depreciation and that in a period when wear and tear was greater the allowance for depreciation would be less. They, therefore, recommend the continuance of the existing method based on the original cost. They are also opposed to the change proposed that depreciation should be allowed each year as an expense in determining the profit and loss of such year, the provision of carry forward of depreciation as such being abolished. They suggest that the present practice should be continued and it should be possible for the allowance being carried forward without any time limit in cases where such carrying forward was necessary.

Double Shifts.—The Indian commercial community have recommended the grant of increased depreciation allowance for machinery working double shift.

Section 10 (2) (xi)

Bad debts written off should be allowed without any condition and irrespective of the fact whether the accounts are kept on the cash basis or commercial basis. This should also include irrecoverable loans in the business of money-lending, irrespective of the system of accounts.

Section 10 (6)—Chambers of Commerce and Trade Associations

Chambers of Commerce and similar associations should not be liable to tax. Properties owned and occupied by such associations should also be free. It is safe to assume that members of such associations will be unwilling to tax themselves in the form of subscriptions very much in excess of the actual

requirements of the association and this exemption therefore will not involve loss of tax in any substantial balance of income. The sub-section should therefore be amended specifically exempting such associations.

Clause 14

My Committee are in favour of continuing the provision in Section 14 (2) (a) of the existing Act exempting from taxation dividends of companies whose profits have been assessed to tax. They are not in favour of the proposal to amend Section 16 (2), etc., with a view to placing dividend on the same footing as interest on securities.

Clause 16—Section 16 (1) (c)

My Committee are opposed to all income arising from settlements and dispositions, revocable or irrevocable, being taxed in the hands of the settler, so far as revocable settlements are concerned such a practice may be adopted except in the case of revocable trusts for public or private religious or charitable purposes as long as the income is actually spent for such purposes. In the case of irrevocable transfers, however, the income should not be taxed in the hands of the transferer, but should be liable to be taxed as the income of the transferee.

Section 16 (2)

My Committee are opposed to the inclusion in "total income" of only the appropriate amount of tax in the case of a dividend from partly taxed profits. They are in favour of continuing the provision in Section 14 (2) (a) of the existing Act.

Partnerships

The need for making different provisions in regard to the assessment of partnerships to income-tax is caused by the need for treating registered partnerships and unregistered partnerships differently. In order to obviate such difficulties, my Committee suggest that the law should throw an obligation for all partnerships being compulsorily registered. The Indian Partnership Act of 1932 requires that every partnership must be registered and if this requirement is followed for

income-tax purposes also the same cannot be said to involve any new or additional inconvenience to such partnerships. Particulars required for the registration under the Partnership Act are with one additional provision for information in regard to the share of the individual partners sufficient for the purpose of registration under the Indian Income-tax Act. My Committee, therefore, suggest that in amending the law the principle of compulsory registration of partnership should be recognised. When once that position is accepted, the assessment of income-tax on partnership on a uniform basis would be facilitated. My Committee also agree that the form of return for a partnership should provide for a declaration of the constitution of the partnership and of the basis on which profits of the previous year have been divided and that such declaration if supported by proper accounts should normally suffice for automatic re-registration as long as there is no change from the particulars recorded at the date of the last registration.

Clause 17—Section 17 (1)—Aggregation of the Income of the Husband and the Wife

My Committee are strongly opposed to the proposal for aggregating the incomes of the husband and wife for tax purposes. This has not given sufficient weight to the economic and social conditions obtaining in India. The theoretical justification for such aggregation is unconvincing. There is, for instance, the system of "Stridhan" among Hindus. The same is a gift by the parents of the bride at the time of marriage, which is considered to be in the nature of a sacred trust which the husband and wife are expected to hold in trust. By tradition and custom the income arising from such Stridhan is not pooled into the family resources for purposes of the ordinary expenditure. When such income is not so available for expenditure, it stands to reason that the same should not also be taken into account for computing the income of the family for purposes of taxation. The proposal for treating the income of the wife as the income of the husband for tax purposes is repugnant to Indian sentiment and my Committee consider the change as very reactionary. Where, however, such separate incomes are derived as profits

of a business in which the husband and the wife are partners, an exception may be made and the separate income may be aggregated for tax purposes. When Society is day by day recognising the independence of the wife from the husband in all matters, we feel no justification for such a proposal which deprives the woman of her independent right to property and the right to be an independent economic unit. Moreover it is open to doubt in the event of the wife carrying on her independent business makes a loss whether such a loss can be taken into account in arriving at the total income under this clause. If such a loss cannot be taken into account, the provision for carry forward of losses for six years does not come into play. There is therefore all the more reason why the income of the husband and the wife should not be aggregated.

Clause 18—Section 18 (2)

My Committee are opposed to the provision for the deduction of Super-tax at source from "salaries."

When tax has once been deducted at source, the assessee should not be again liable, if the person authorised to deduct fails to pay the amount of tax to the department.

Clause 20—Section 20A

My Committee are opposed to the reduction from Rs. 1,000 to Rs. 200 the minimum amount of interest payment which the payer has to report annually to the income-tax department.

Clause 22—Section 22 (1)—Compulsory Return of Income

The obligation to make a return presupposes an almost universal literacy and the liability of a very large proportion of the population to income-tax. Both the factors are absent in this country. The proposal has not given adequate consideration to the conditions prevailing in the country. With a low percentage of literacy, the average assessee cannot be expected to know the provisions of law and to decide for himself whether or not he is an assessee. Moreover, this will unnecessarily complicate and increase the administrative work of the Income-tax Department. The present practice of the

authorities calling upon persons to submit returns of income should, therefore, be continued and the obligation to do so voluntarily should not be introduced.

Further the form of return to be prescribed shall in addition to his total income require the assessee to furnish the officer information as to the location and style of his principal place of business and branch business, names and addresses of his partners and the extent of his and their shares in business. These provisions will lead to harassment of innocent people.

Section 23

Under this section on a return being furnished, the income-tax officer should assess the total income, **or the loss as the case may be**, of the assessee. The above words should be added in the sub-section. This is suggested in order to facilitate the procedure for purposes of carry forward of business losses.

Section 23 A (2)

The amendment in this section says that if 60 per cent. of the profits are not distributed as dividends, then the income shall be considered as distributed to all the members who shall be liable to be taxed accordingly. To begin with 60 per cent. is too high a ratio. It ought not to be more than 40 per cent., because very often in the case of private companies, particularly those who act as managing agents for other concerns, it has often been found necessary to accumulate funds required for financing the parent, companies, or for paying off the losses. The new section also omits the reason for the accumulation mentioned in the old section. It ought to be restored. It will be admitted that no company distributes the whole of its profits, but always reserves some portion of it for future contingencies. What that portion should be is a matter which should be left entirely to the discretion of every company and a reasonable reserve cannot be considered as of higher profits. The first proviso to this sub-section is a new one which will prove to be a hardship as many companies accumulate in course of years more than their capital for the purposes aforesaid and as long as the Income-tax Officer is at

liberty to tax the maximum, which, as stated above, will be 40 per cent. Government is not making a loss.

Clause 25—Section 24—Carry Forward of Business Losses

My Committee welcome the decision of Government to implement their promise, made as far back as 1930, to introduce the principle of carry forward of business losses. Though it is claimed that such carry forward will be allowed for six years, my Committee are disappointed to find the stages by which the full period of six years is to be brought into effect. Losses of the first "previous year" after the commencement of the Amending Act will be carried forward for one year, the losses of the next for two years and so on until the full period of six years is reached. The commercial community have waited sufficiently long for the introduction of this relief and a further limitation in the period of the relief, by such stages, is objectionable. It is therefore suggested that the clause should be amended to make the set off available for six years forthwith.

The proposal is again hedged in by another restriction that such losses are to be set off only against the profits of the same business, profession or vocation. If the relief is to be of real benefit all such restrictions must be removed and the set-off should be allowed against the total income of the assessee. In this connection it is interesting to note that clause 94 of the Bill appended to the Report of the Income-tax Codification Committee (U. K.) provides :—

> "Where a person carries on either solely or in partnership two or more distinct businesses the profits of which are income of class D, in computation of the assessable income for any year of charge as regards any one or more of those businesses a loss is disclosed, that person may set off the loss or his share of the loss disclosed against the assessable income of any other such business for that year of charge.
>
> Provided that if such other business is carried on by him in partnership the amount to be set off shall not exceed his share of income thereof."

The distinction between registered and unregistered firms for purposes of set off should also be removed. Further in

the case of succession, if a firm converts itself into a Limited Company, mainly or substantially for shares, and where the identity of the firm and the shareholders is the same, the predecessors should be allowed to carry forward losses to the credit of their individual assessment ot be set off against subsequent income from dividends from such company, irrespective of the fact that the business has been converted into a Limited Company. In short the provision in the Bill, which seeks to embody a wholesome principle requires to be liberalised in important directions, before it can be of real advantage from the point of view of the assessee.

Clause 27—Section 24 (B)

The change proposed imposes on the executors of a deceased assessee the obligation to furnish returns, etc. The Executors should also be entitled to all the benefits and allowances, which the deceased would have been entitled, as for instance, allowance in respect of insurance premium. It would appear that at present such deductions are not allowed by the department.

Clause 29—Section 25A

The assessment of profits of the previous year in the case of a disrupted Hindu family is to be made on the person who received the profits. For the purpose of this provision disruption recognised by law should suffice.

Clause 30—Section 26

In the case of a change in constitution or succession to business, the persons entitled to receive the profits, viz., predecessors are to be assessed. My Committee are opposed to the exception made to the effect that where a predecessor cannot be found or where he will not or cannot pay, the liability should shift to the successor. My Committee do not see how on any account a successor can be called upon to bear on an income which he has not received or enjoyed.

Clause 32—Section 28—Penalty

The penal provisions are being considerably tightened. Failure to furnish returns, failure to produce documents, etc., would involve a penalty of twice the amount of tax. Failure

to submit return, even when the assessee is proved to be not liable to tax, will have a penalty of Rs. 50, a provision, which, my Committee are constrained to remark, is ridiculous and also inconsistent with the earlier provision that the obligation to furnish returns should attach only to persons who have an assessable income. My Committee are strongly of the opinion that the penalties prescribed must be the same as in the existing Act and that the failure to conform to the provisions, for which the penalties are applicable, should be proved to be deliberate.

Clause 33—Section 29—Notice of Demand

The amendment provides for the issue of a notice of demand in respect of an appellate decision of the Privy Council. It is suggested that the notice should be issued within six months from the termination of the proceedings.

Clause 34—Section 30—Appeals against Assessment

The amendment extends the scope of appeals. The provision of an appeal against summary assessments under Section 23 is particularly welcome. My Committee however wish to urge that appeals should also be permitted against orders for the levy of penalty under Sections 43, 45, 46 and 47.

Appellate Procedure

The procedure prescribed for appeals under the Income-tax Act was the subject of adverse comments and criticism in the past. The objections mainly were that the authority vested with appellate powers was not an independent body, that the procedure of officers under the control of the same department sitting in judgment over the decisions of their colleagues made the right of appeal illusory and that the absence of provision for an appeal to a judicial authority both on questions of fact and law imposed a serious handicap. It was with a view to remedy such an unsatisfactory state of affairs that public bodies in the country had long since been suggesting the institution of an Income-tax Tribunal. The suggestion also found favour with the Enquiry Committee. It is a matter of deep regret to note that steps in that direction are not in contemplation and that the discredited arrangement

of income-tax officials doing both executive and judicial work is to continue. The proposal to classify Assistant Commissioners into two, viz., Appellate and Inspecting, with distinct functions, falls short of the demand for an independent authority and will not inspire confidence in the public. My Committee therefore reiterate that the question of setting up Tribunals should be considered and amendments to that end should be made in the Act. At all events my Committee are strongly of the view that a provision for an appeal both on points of fact and law to a recognised judicial authority should be deemed indispensable in the procedure that may ultimately be decided upon for income-tax appeals.

Clause 35—Section 31

Subject to what they have said in their comments on Section 30, my Committee welcome the minor changes introduced in the procedure for appeals. Admission of fresh evidence, power to set aside assessments, etc., are all improvements on the existing position. But the right sought to be conferred on the Income-tax Officer to be represented at the hearing of an appeal is certainly objectionable. It is further felt that provision should be made that appeals should be heard within 6 months from the date of the application.

Clause 38—Section 33A—Board of Referees

It is proposed to do away with the provision for a reference to a Board of Referees of an order under Section 23A. That takes the appellate procedure one step more backward. The provision for the inclusion of non-officials on such board was a welcome feature and the arrangement should be discontinued only if the proposal for a full-fledged Tribunal is accepted. If it is not the intention to accept the suggestion for a Tribunal, at least the system of Board of Referees should be continued with the important change that the Board of Referees should be vested with powers to hear all income-tax appeals. Such a Board of Referees is a feature of the appellate procedure under the English Income-tax Act and my Committee see no reason why the machinery should be discontinued here.

Clause 39—Section 34—Income Escaping Assessment—Re-opening of Accounts

The changes proposed in the provisions in this regard are of a far-reaching character. The test or the occasion of such re-opening will be the mere opinion of the Income-tax Officer that income has escaped assessment or has been under-assessed. The provision in the existing Act that "if for any reason income has escaped assessment," imposed on the Income-tax Officer a prima facie duty of satisfying himself that there were reasonable grounds to believe that there has been such escapement. The onus inherent in the existing provision is to be removed and the officer will be entitled even capriciously to proceed to get the account re-examined. My Committee suggest that instead of basing such proceedings on mere opinion, a provision as in the English Act of "discovery" of some irregularity should be made a condition precedent to notices for re-opening under this section.

The Bill further prescribes a time limit of six years for the revision of an assessment in place of the existing limit of one year. Moreover under Section 22 (4) the production of accounts relating to a period of three years prior to the accounting year may be ordered. There is thus the possibility of an assessee being called upon to produce the accounts of even ten years. This would lead to considerable inconvenience and harassment to assessee and my Committee are very emphatic on this point that re-opening of accounts under this Section should not be permitted for a period of more than two years.

The amendment does not envisage the possibility of any relief to the assessee if in the process of such re-examination an over-assessment is evident. The assessee should be given the benefit of such evidence in his favour and suitable provision for a refund of tax overpaid should be made. The inclusion of a suitable clause in the section dealing with refunds to cover such cases is recommended.

It is also not fair to determine the issue of escaped income by reference to each source of income separately. The test should be whether the income as a whole has escaped assessment.

Clause 40—Section 35—Rectification of Errors

Here also the time limit should not exceed two years from the date of the assessment. Moreover the rectification should be permissible not only on the basis of the assessment records of the department, but also in the records of the assessee.

Clause 42—Section 38—Power to Call for Information

The powers provided for under this clause are of a very extraordinary character, having no parallel, according to the information of my Committee, in the income-tax legislation of any other country. The taxpayers are not to be treated as criminals by being subjected to raids by income-tax inspectors without notice. Credit and integrity are the 'key-notes' of business reputation and my Committee shudder to reflect on the harm likely to be caused to the reputation of a businessman by such encroachments on the sanctity of his civil rights as a citizen. These powers again are to be exercised by junior officers and my Committee cannot sufficiently condemn the suspicion complex of the framers of the Bill, which is responsible for such retrograde proposals. The very suggestion of such powers being necessary is an insult to Indian intelligence and self-respect. Law and order are the exclusive province of Provincial Government and the proposal will also raise the issue whether by a provision in a law governing the collection of taxes, officers without magisterial powers can arrogate to themselves functions and authority ordinarily vested in the police. My Committee are strongly of the opinion that Government would be well-advised to delete this provision altogether from the Bill.

Fishing enquiries for information from a person about the income of third parties is another point which has been objected to in the past and my Committee are against the provision for submission of particulars of payments of rent, interest, etc.

Clauses 43 and 44—Sections 40 and 41—Guardians, Trustees, etc.

With regard to income from Trusts, my Committee are of opinion that the same should be charged in the hands of

beneficiaries in all cases except (a) where the Trust Deed stipulated accumulation of income and the division of the corpus on the happening of a particular event, (b) where the shares of the beneficiaries are indeterminate and (c) where one or more beneficiaries are non-residents; the rate to be applied in the case of (a) and (b) should be the appropriate rate applicable to the total income and not the maximum rate. When so assessed in the hands of the Trustees the beneficiaries should be entitled to get refunds to the extent of the difference in rates under Section 48. Further such income should be taxed only when received and not on "being entitled to receive."

Clause 45—Section 42—Non-residents

My Committee would again draw the attention to possible evasion of tax by agents of non-residents calling themselves Indentors and showing only a very small credit for their local offices against which all expenses are debited. My Committee assume that such cases as well as profits arising from consignment business will be liable to tax under the Bill. They do not agree to the view put forward in the Enquiry Committee report on page 5 that it would be undesirable to attempt to tax the profits arising where an agent only receives casual consignments. The liability to tax on such profits may if necessary be made clear by specific provision.

It has however been pointed out to my Committee that a provision analogous to Section 17 of the English Finance Act of 1925 is necessary to limit the liability of a broker or commission agent in respect of profits or gains of transactions on behalf of non-residents. In such cases a broker is in an entirely different position from the accredited agent and invariably the broker has neither the occasion nor the means of knowing or estimating the profits or gains of the non-resident concerned. This difficulty will particularly arise in regard to forward business and my Committee suggest the inclusion of a provision similar to Section 17 of the English Act. The Section reads :

"17.—(1) Where sales or transactions are carried out on behalf of a non-resident person through a broker in the

ordinary course of his business as such and the broker satisfies the conditions required to be satisfied for the purpose of this section, then, notwithstanding that the broker is a person who acts regularly for the non-resident persons as such broker the non-resident persons shall not be chargeable to income-tax in the name of that broker in respect of profits or gains arising from those sales or transactions.

(2) The conditions required to be satisfied for the purposes of this section are that the broker must be a person carrying bona fide business of a broker in Great Britain or Northern Ireland and that he must receive in respect of the business of the non-resident person which is transacted through him, remuneration at a rate not less than that customary in the class of business in question.

(3) In this section the expression "broker" includes a general commission agent.

(4) Rule 10 of the General Rules shall have effect subject to the provisions of this section."

Rule 10 of the General Rules reads as under :—

"Nothing in these rules shall render a non-resident person chargeable in the name of a broker or a general commission agent not being an authorised person carrying on the regular agency of the non-resident person or a person chargeable as if he were an agent in pursuance of these rules in respect of profits or gains arising from sales or transactions carried out through such broker or agent."

Clause 46—Section 44—Liability in case of Discontinued Partnerships

The addition of a proviso to this section to the effect that such persons shall be entitled to be registered as a partnership at any time before the assessment is recommended.

Clause 49—Section 45—Tax When Payable

The date of payment should be 30 days after the date of the receipt of the notice.

Clause 50—Section 46 (7)—Time of Recovery of Tax

Proceedings for the recovery of tax should be prohibited, as at present, after the expiration of one year from the last day

of the year in which any demand is made and not from the last day of the "financial year."

Clause 51—Section 48

The time limit for refunds should be three years from the end of the year of assessment.

Clause 53—Section 49—Double Taxation Relief

The main beneficiaries from the present position are British companies and firms, whose business is located both in India and England and who are obtaining from the Indian Exchequer at an average of over rupees one crore a year as refund under Section 49 of the Income-tax Act, and the amounts thus refunded would show a progressive tendency of increase with every rise in the rates of our income-tax and super-tax.

A reference to the All-India Income-tax returns indicates that the amounts of such refunds have increased in recent years as under :—

Refunds under Section 49

(excluding Indian States and Ceylon)

Year.	To Companies.	To other assessees.	Total.
1924-25	43,00,000	..	43,00,000
1929-30	1,09,50,983	..	1,09,50,983
1932-33	1,43,02,811	90,205	1,43,93,016
1933-34	1,04,82,444	89,522	1,05,71,966
1934-35	1,15,09,559	11,86,722	1,26,96,281
1935-36	1,16,95,742	2,17,014	1,19,12,756
1936-37	1,27,60,024	1,39,453	1,28,99,477

My Committee have examined the existing arrangement for double taxation relief, and have come to the conclusion that, on the balance, it would be to the advantage of the Indian Exchequer to abolish completely this arrangement. They do not think that this would lead to any really significant hardship as far as India is concerned. They recognise that it would mean that the corresponding relief given under Section 27 of the English Finance Act would also be withdrawn ; but in the larger interests of the country, it is necessary that an arrange-

ment which is causing the Indian Revenues a not inconsiderable annual drain, should be looked at first from the national point of view. Moreover, double taxation of an individual's income by two or more distinct authorities has got its theoretical justification. If an individual resides in a country, he is under certain economic obligations to the State, which protects his property and income and makes it possible for him to earn the income. The same can be said of the other countries from which he draws his income. The individual, therefore, owes economic allegiance both to the State where he lives as well as to the State whence he gets his income, and such allegiance presupposes certain economic obligations also. My Committee are, therefore, very strongly of the opinion that the existing arrangement with U. K. in regard to double taxation relief should go.

Indian States and Burma

In regard to such double taxation arrangements as between India and Burma and British India and Indian States the same stands on an entirely different footing. Cultural, social and commercial relations and the geographical proximity of the countries have rendered Indian States and Burma being treated as part of India in such matters notwithstanding the political separation. Moreover, so far as Indian States are concerned, the political Federation, when and if it comes into effect will necessitate this question being reconsidered in the light of the then circumstances. With Burma in commercial matters, there are already arrangements as if, for such purposes, no separation had taken place. My Committee, therefore, wish to recommend that in so far as Burma and the Indian States are concerned, the arrangements in regard to double taxation relief should continue.

Clause 58—Section 51—Offences and Penalties

Failure to grant inspection of any accounts or documents in accordance with the provisions of Section 39 is added to the list of offences and is made penal. My Committee have already opposed the provision regarding inspection in Section 39 and consequently the provision for such penalty should be deleted.

Clause 60—Section 53—Prosecution

A right of appeal under Section 32 (1) should be provided for against the order of an Assistant Commissioner for prosecution under Section 53 (1).

Clause 61—Section 54—Disclosure of Information

My Committee are opposed to the disclosure of information contained in income-tax proceedings or records to the Auditor-General, Commissioners appointed under the Public Servants (Enquiry) Act, any officer of the Provincial Government and to any authority exercising powers under the Sea Customs Act. The need for secrecy in respect of such information is recognised and occasions for relaxing the bar on disclosures should not be multiplied.

Clause 62—Section 55—Super-tax

It was suggested that super-tax on companies should be considered as corporation tax for the privileges of limited liability. This suggestion has not so far received legislative recognition. The Bill also does not propose to treat it as such. The position therefore is that super-tax will remain an additional income-tax. In England there is no super-tax and on the analogy of the English Law my Committee wish to recommend the complete abolition of the super-tax on companies; but so long as the levy of super-tax is continued claims for refund on behalf of shareholders should be allowed.

Relief in the form of exemption from super-tax on dividends received by a company from other companies whose profits have already paid super-tax should be granted. Otherwise the same income will be subject to super-tax twice and then again a third time in the hands of the shareholder, if his income exceeds Rs. 30,000. The whole basis of collecting super-tax in India is inequitable.

As far as the levy of super-tax on individuals is concerned, the provision came as a war-measure. It is the general experience that emergency taxation, while at the time of introduction is claimed to be temporary, has the knack of becoming permanent for all times and the instance of super-tax has been no exception to this general experience. When under the Bill

various steps for increasing the income-tax yield are being devised will it be too much to suggest and hope that the Bill should include one measure of relief in the form of a removal of the super-tax !

Coming to the amendments proposed to this section my Committee are opposed to the removal of the exemption given to partners of an unregistered firm, when assessed as a registered firm. They have already opposed the distinction between registered and unregistered partnerships for tax purposes and they feel that the partner's share of the firm's income should not again bear super-tax.

Clause 68—Section 58G (3)

My Committee are opposed to the restriction in the benefits of participation in a recognised provident fund only to those who have rendered continuous service with the employer concerned for at least five years. The proposal would result in a large amount of tax being payable in the year in which the accumulated balance becomes payable.

Section 59 (3A)—Insurance Companies

My Committee would urge that the method of computation of income of Life Assurance Companies for tax purposes should be specifically laid down in the Act itself and should not be left to be determined by Rules. The basis adopted by rules under the existing Act has been the subject of an acute controversy.

In the business of life assurance the so-called profit disclosed as a result of the Actuarial Valuation is not profit in the sense of the term, as applied to ordinary trading concerns. Such profits include surplus premium collected from policyholders necessitated by actuarial considerations; such surpluses are subsequently returned to the policyholders as bonus. It is very unfair that a portion of the premium reserved by the company to be returned to the policyholders as bonus should be made subject to taxation as the same can in no sense be termed as profits accruing to the company. The factors which go to determining the actuarial surpulses of a company have been explained before Government in full detail. In

many of their proposals Government were guided by the English Law and practice. It is not comprehensible why in this particular instance the principles and provisions adopted by the English Law should not weigh with them. My Committee reiterate that the proper basis of assessment for Life Assurance Company would be :

(1) the total interest earned less expenses; or

(2) the Actuarial surplus after deducting that portion of the surplus as belongs to or is reserved for on behalf of the policyholders or annuitants.

If it is not considered feasible to incorporate in the Act, the provisions relating to the assessment of insurance companies, my Committee recommend that the Rules to be made in this regard should at least be subject to the approval of the Legislature and this should be made clear by a suitable provision under this section.

At all events my Committee would particularly record their emphatic protest against the implications contained in the provision in the new Sub-section 59 (3A). The principle that Rules should not be repugnant to the provisions of the Act is ignored and a proposal for permitting rules not in conformity with the general scheme and scope of the Act is being seriously advanced. The move underlying this suggestion is very sinister and my Committee cannot condemn too strongly this circumventing of the legal limitations in the matter of rule-making. This sub-section should be deleted.

Clause 70—Section 59—Rules

The rules made under the section should be subject to the approval of the Legislature. Such a position has been accepted in regard to Rules to be framed under the Insurance Act and this salutary principle should be followed in the case of the Income-tax Act also. General dissatisfaction has often been expressed in the past regarding the manner and method of the exercise by the executive of the Rule-making powers under the various Acts and it would be advisable for the executive to share this responsibility with the Legislature.

Section 60 (1)—Exemptions

The power vested in the Central Government to exempt persons from any of the provisions of the Act has evoked a good deal of criticism in the past. As the objections to such powers have been placed before Government on various occasions in the past, my Committee do not propose to deal with the matter here in any great detail. It is sufficient to point out that the manner and method in which such powers have been exercised has been the subject of adverse comments. My Committee therefore suggest the removal of these powers. Any exemption that may be considered necessary must find specific provision and mention in the Act.

Clause 72—Section 61—Representation of the Assessee

My Committee recognise the need for prescribing qualifications of persons entitled to represent assessees in income-tax proceedings. They also appreciate the need for waiving the qualification test in favour of the existing income-tax practitioners. But in order to obviate chances of the provisions in the Bill being forestalled by unqualified persons, in the last moment, trying to class themselves as income-tax practitioners, my Committee suggest that the exemption in favour of existing practitioners should be confined only to those who were so practising before 1st January 1937, and not before 1st April 1938, as proposed in the Bill.

Clause 74—Section 64—Place of Assessment

An assessee should have the right to select the place where the assessment should take place and the right of raising the question of jurisdiction at any time before the proceedings are completed.

Section 66

Under this section a reference is to be made by an assessee within 60 days of the date on which he is served with a Notice of an order under Section 31 or 32 or an order under Section 33. It is suggested that this period of limitation should be extended to 90 days instead of 60. Further there is no provision in the present Act where an assessee could, upon sufficient cause being shown to the satisfaction of the Com-

missioner or High Court, be allowed to file a reference application after the prescribed period of 60 days. It is suggested that where a sufficient cause has been shown to the satisfaction of the Commissioner or High Court a reference shall be entertained even after the period of limitation.

With regard to costs, it is suggested that where an assessee has succeeded before the Appellate Authority on a point of law and where Government decide to make a reference to the High Court or a higher court, viz., Privy Council, then Government should pay the costs of the assessee as well as their own in the higher court. This suggestion is in keeping with Para. 594 of the British Royal Commission on Income-tax.

The Commissioner should be required in stating a case as required under Section 66 (2) to set out the facts in such a way as to enable the judges to determine and find out without difficulty whether the evidence before the Commissioner was such as to warrant the findings of facts and whether facts found as such are clearly distinguishable from the points of law. This change is in conformity with the recommendations of the British Royal Commission on Income-tax, Para. 593.

In conclusion, my Committee wish to suggest that the revision of the Act should be followed by a thorough and detailed examination of the various suggestions relating to the administration of the Act which have been placed before Government from time to time.

APPENDIX 49

Income-tax Bill—Foreign Income—Double Taxation Relief

Telegram dated 16th November 1938 from Chamber to His Excellency the Viceroy of India, New Delhi.

Reference Income-tax Bill before Legislative Assembly Committee Indian Merchants' Chamber would request His Excellency Governor-General to be pleased to give his previous sanction as required by Section 108 Government of India

Act to any proposal to amend or delete Section 49 of the Income-tax Act governing double taxation relief thus making possible a large annual saving to Indian exchequer.

Telegram dated 18th November 1938 from Chamber to the Secretary to the Government of India, Finance Department, New Delhi.

Committee Indian Merchants' Chamber on reconsideration of Clause four of the Bill to amend the Income-tax Act have come to the conclusion that in view of the difficulties already anticipated by them in their original representation and in view of the decision of Select Committee to retain the distinction between domicile and non-domicile involving racial discrimination the Clause as it stands should be deleted and the status quo should continue.

APPENDIX 50

Interview with Mr. J. F. Sheehy, Member, Central Board of Revenue

Memorandum dated 21st July 1938 from Chamber on points for discussion with Mr. J. F. Sheehy, Member, Central Board of Revenue.

I. Income-tax Bill

This Bill is now receiving the attention of the Committee of this Chamber and they expect to send to Government a detailed statement of their views on the same shortly. In the meanwhile, we would like to place before you our views on some points in connection with the Income-tax law, so that the same may be placed before the Hon'ble the Finance Member, who is in charge of the Bill, with a view to necessary changes being made in it at the Select Committee stage :

(1) **Need for a consolidating Bill :** We would like to have a consolidating Bill, instead of the present amending Bill. The latter procedure denies to members of the Legislature the right of moving amendments to any sections of the Act, not covered by the Bill, on which they may have strong

views. For instance, as Government are aware, very strong views have been expressed by the commercial community on Section 60 of the Act. However, the Legislature is estopped from moving any amendment to that Section by virtue of the rules of procedure in force as no amendment is permissible which does not arise from the amendments already included in the Bill. We, therefore, feel that even now it is not too late to change the whole procedure and get a consolidating Bill introduced at the next session.

(2) **Distinction between Domicile, etc.:** The next issue of very great importance, on which we feel strongly, is the attempt in the Bill to introduce, if we may say so, the element of racial discrimination. We are particularly referring to the proposed distinction between domicile and otherwise. We feel no justification for this distinction, the result of which would be giving a privileged position to one class of assessees. The Committee of this Chamber are submitting their detailed views on this issue; but we have referred to it here, so as to convey our strong feeling in this matter. We submit that all incomes, profits or grains accruing or arising in British India to any one whosoever, whether British Indian or otherwise, whether resident in British India or not, should be liable to tax; and we particularly object to any proposal which, in effect, would give a privileged treatment to a particular class of assessees.

(3) **Aggregating the incomes of husband and wife:** Another issue on which the views of the commercial community have been completely brushed aside, is with regard to the proposal to aggregate the incomes of the husband and wife for tax purposes. This proposal has not given sufficient weight to the economic and social conditions obtaining in the country. By certain traditions and accepted conventions (as for example the case of Stridhan which a Hindu wife derives from her parents), the income arising to a wife from such sources is not at all pooled into the family resources for purposes of the requirements of the family, but is held by the husband as a sacred trust. Such income is not ordinarily aggregated for other purposes, and it is, therefore, repugnant to the Indian sentiment that it should be considered as a

part of the income of the family for tax purposes. When Society is day by day recognising the independence of the wife from the husband in all matters, we feel no justification for such a proposal which deprives the woman of her independent right to property and the right to be an independent economic unit.

(4) **Dividends in the form of bonus shares:** We are opposed to the proposed definition of "dividends," thereby making the distribution of profits in the form of bonus shares liable to tax in the hands of the shareholders. We submit that, firstly, it is taxing capital, which has not so far been and is not a feature in other respects in the scheme of the Indian Income-tax Act. Secondly, there has been no need established justifying such an innovation. Companies, which have distributed bonus share are rare indeed. In fact, so far as our information goes, such distribution has been made only in two companies. We see no reason why Government should legislate for such an exceptional position. Lastly, such incomes have already paid tax in the hands of the company in the appropriate years. The condition of Indian industrial enterprise does not justify restriction on the rights of a company to capitalise a portion of its profits, and we feel that the proposal would do considerable harm in a country like India, where capital is considered to be extremely shy.

(5) **Re-opening of accounts, etc.:** We feel that the period of six years prescribed for re-opening of accounts for additional assessment under Section 34 of the Act and for rectification of errors under Section 35, is too long. It may possibly be suggested that inasmuch as carry forward of business losses is allowed for six years, a corresponding period should be fixed for re-opening of accounts. We submit that the one has no direct bearing on the other, and it is, therefore, possible, without being inconsistent, to provide for a lesser period for purposes of re-opening of accounts. The provision of six years time for such a purpose will prove to be a hardship, as it would necessarily mean the obligation on the part of the assessees to keep books of accounts and other documents in safety during all those years. The Act is being tightened in various directions to prevent loopholes for evasion of tax,

and we believe that occasions for the exercise of this right for six years will be very few indeed. We, therefore, suggest that the prescribed period for the above two purposes should not be greater than two years.

(6) **Depreciation allowance:** We are opposed to the introduction of the written down value system for depreciation allowance purposes. Under this system, the depreciation allowance would not be in relation to the actual depreciation and that in a period when wear and tear is greater, as the machinery gets older, the allowance for depreciation would be less. We are also opposed to the prohibition of carry forward of depreciation. In modern days, when the tendency is to facilitate machinery and plant being kept upto-date, any proposal which will prolong the process of such machinery being written down, is unwelcome. We, therefore, feel that the present provision in the Act regarding dpereciation allowance should continue with certain modifications in the rates of allowance.

(7) **Slab system:** The Bill tries to get the Legislature committed on the Slab system in an indirect manner, without giving it an opportunity to discuss and vote on the system as such. We would prefer to see a model slab included in the Bill with the rates that Government propose for the same. It would then be possible for the Legislature and the public to evaluate the exact proposal of Government. It is not even mentioned whether the slab as recommended by the Experts is to be taken as the basis. We, therefore, suggest that the Bill should include the details of the slab and the rates proposed in the first instance. If necessary, that the rates are to be annually confirmed by the Finance Act may be recognised by a specific provision to that effect in the Bill.

(8) There are various other points on which we have strong views on the provisions in the Bill, e.g., proposal for imposing the obligation to submit returns on every assessee; the proposal to impose penalties for failure to submit returns by persons, under certain circumstances, who are not even liable to tax; the proposal to vest in the Income-tax Inspectors with extraordinary powers for entering the premises of the Assessees. All these are very objectionable and will evoke

the strongest opposition from the commercial community. All these points are being referred to in detail by the Committee of this Chamber in their Memorandum containing their views on the Bill.

II. Managing Agents' Commission

The Income-tax Enquiry Committee had recommended that arrangements in regard to sharing of Managing Agents' Commission should be recognised, and that such shares paid to others should be allowed in assessing the income of Managing Agents. They had suggested that this should be done by a notification under Section 60 (1) of the Act. We regret that Government have so far not taken any action in the matter. We are aware that strong exception has been taken in the past to this power of exemption by notification, and that an assurance was given by the Hon'ble the Finance Member that in future no such notification would be issued. As long as the power exists, there is no point in not exercising that power in the direction of an essential change. The equity of allowing such shares has been recognised and we feel that Government should, without any loss of time, regularise the position by making such payments allowable for tax purposes.

III. Depreciation allowance—facilities to assessees

We had suggested that instructions should be issued that the Department should, while sending to assessees the forms for making returns of income, also send the forms for claims of depreciation allowance containing the necessary particulars. Such a procedure would facilitate the submission of claims by the assessees as a matter of course. The Central Board has replied to us saying that instructions were being issued to the effect that the Income-tax Officers should ask the asseessee or his representative to fill in the prescribed form "when in the course of assessment proceedings they find the case to be one in which the assessee would be entitled to depreciation allowance." We suggest that, instead of drawing the attention of the assessee in the course of assessment proceedings, it would be better if the forms in question itself were sent to him along with the form of return just as forms in regard to

registration of partnerships are being now automatically sent. This is a very small matter, involving no additional burden on the department, and we hope that the procedure suggested by us would be accepted.

IV. Assistant Commissioner on inspection duty

It appears that the assessment records are sent to the Assistant Commissioner for inspection after the assessments are disposed of, and he submits report to the Commissioner who, in his turn, forwards the same to the Income-tax officers concerned. The Inspecting Officer suggests certain proceedings under Section 34 of the Act or insists on certain information or criticises the assessment order of the Income-tax Officer. The Income-tax Officer in his turn summons the assessees long after the assessments are disposed of and the assessees are asked to attend before the Officer once again with all the books of accounts for proceeding under Section 34. This creates a lot of annoyance and hardship to the assessees. We, therefore, suggest that such a procedure should be stopped and no proceedings should be started under Section 34 on the report of the Inspecting Officer.

V. Administration of the Act

We would like to know if Mr. Chambers, Adviser to the Central Board, has submitted any report regarding the administration of the Act or in regard to inconvenience caused to the assessees by the present Act. If so, we would suggest that the report be made available to bodies like this Chamber.

VI. Payment of tax

Some of the Income-tax Officers at present have been demanding payment of the tax within 15 days from the date of the issue of the notice, and if the same is not paid a penalty is levied which they refuse to reconsider, even if sufficient grounds are shown by the assessees for the non-payment. We suggest that demand of tax should not be made, in any case, before a month from the date of the receipt of the notice by the assessees, and no penalty should be levied in case where the tax is not paid on the ground that an appeal is presented

to the Assistant Commissioner against the order of the Income-tax Officer. Instructions in this matter may be issued to Income-tax Officers by the Head of the Department with a view to relieve the assessees from the hardships they are put to on account of insufficient time granted for payment of tax.

VII. Deductions of tax paid

While making an assessment under Section 34 due deduction should be given for tax paid on taxed income from the tax on the assessable income. An assessee has an income of Rs. 1500|- from salary and Rs. 600|- from dividend income taxed at source. Thus his total income is Rs. 2,100|-, and liable to be taxed on Rs. 1,500|- @ 6 pies and entitled to a refund @ 22 pies on Rs. 600|-. He is not served with any notice by the Income-tax Officer in the assessment year. He therefore should apply before the end of the financial year to the Officer for refund. He does not make an application for refund because he finds that by doing so, he will get refund on Rs. 18|- as follows :—

	Rs.	as.	p.
Refund on Rs. 600|- @ 22 pies	68	12	0
Less tax on Rs. 1,500|- @ 6 pies	50	14	0
Net refund Rs.	17	14	0

and so does not find worthwhile to bother the Income-tax Officer or himself. Next year the Income-tax Officer issues a Form under Section 34, wherein he shows the income as above. The Income-tax Officer then demands from him tax on Rs. 1,500|- viz. Rs. 50-14-0 and does not give any deduction as the same becomes time-barred under Section 50 (1) and Section 34 does not contemplate any refund. The assessee is thus penalised for not bothering the Income-tax Officer in previous year with his refund application in which case Government would have allowed him Rs. 18|- and not getting any tax as they now get from the assessee because of Section 34. Equity demands that this sort of anomaly be done away with.

Mr. Sheehy in his reply observed as under :

(1) **Need for a consolidating Bill:** He stated that at this stage it was not possible to change the procedure and to agree to introduce a consolidated Bill.

(2) **Distinction between Domicile, etc.:** He pointed out that the basis of assessment proposed followed that in force under United Kingdom Law. He pointed out that the distinction regarding domicile and otherwise affected only the assessment of the World income and not the Indian income. He however added that the views of the Chamber on the point were noted.

(3) **Aggregating the incomes of husband and wife:** This change also was based on the U. K. Law. The rights of the wife under Indian Law would not be affected by the change proposed in any other way. He added that the views expressed by the Chamber on the question would be duly considered.

(4) **Dividends in the form of bonus shares:** He pointed out that the proposal was only to make such income from bonus shares subject to super-tax. Incidentally the Assessees would have the advantage of claiming refund of income-tax paid on such bonus profits, a right which they at present did not enjoy. It was found that in certain private Companies the practice of distributing bonus shares was resorted to with a view to evade super-tax. On a suggestion that the change should be made applicable only to private companies he observed that the same would be considered if the Chamber incorporated the same in their memorandum of views on the Bill.

(5) **Re-opening of accounts, etc.:** He agreed that there was no direct connection between carry forward of business losses and the reopening of accounts. A period of 6 years was proposed for all such purposes firstly as a measure of uniformity and secondly for achieving the object underlying provision for compulsory returns, provision for increased penalties etc. He realised the difficulties that might arise in the practical working of the provision and said that the views of the Chamber in this regard would be given due consideration.

(6) **Depreciation allowance:** He drew the attention of the Committee to the provision regarding the grant of obsolescence allowance and said that the change proposed would not in any way affect machinery being kept upto-date. Government considered written down value system simpler and one which would help a correct record and check being kept on the allowance claimed from year to year. He added that having regard to the provision for carry forward of business losses for 6 years, the intended prohibition of carry forward of depreciation would not amount to any practical hardship. Regarding double depreciation for machinery running double shift and increasing the rates of depreciation allowance he said that these were matters to be adjusted by rules and did not arise from the change in the method of allowing depreciation allowance.

(7) **Slab System:** He observed that he was not in a position to indicate as to the detail of the Slabs and the rates applicable. As it was considered necessary that the rates should be subject to the annual vote of the legislature, it was not felt desirable to fix the slabs and the rates by a provision of the Income-tax Bill.

Other Provisions: As the views of the Chamber on the other provisions of the Bill were being forwarded to Government he did not propose to refer to them in detail. Regarding the proposed appointment of Inspectors he pointed out that the practice of appointing Inspectors already existed. If however it was felt that the powers proposed to be vested in the Income-tax Inspectors would lead to harassment and inconvenience the Chamber should suggest some safeguard which would minimise the inconvenience.

II. Managing Agents' Commission

He pointed out that as strong objection had been taken in the past regarding the exercise of powers of exemption under Section 60 of the Act, the Finance Member might be very reluctant to take any action in this regard also under that section. He however promised to look into the matter once again.

III. Depreciation allowance—facilities to Assessees

He said that the Central Board would wait for experience of the working of the new procedure and if it was found not satisfactory the question would be examined again in the light of the suggestion made by the Chamber.

IV. Assistant Commissioner on inspection duty

He was unable to accept the suggestion of the Chamber that the proceedings under Section 34 should not be taken on the report of the Inspecting Officer. The proposals of the Chamber would mean that the Department should not try to recover the tax which had been lost to it by any irregularity subsequently brought to its notice.

V. Administration of the Act

He informed the Committee that the reports submitted by Mr. Chambers were solely for departmental use and not meant for publication.

VI. Payment of Tax

He pointed out that instructions had already been issued that ordinarily ample time should be allowed for the payment of tax and that in special cases the same may be demanded within 14 days. If, however, specific instances, where the tax was demanded within a shorter period, were brought to the notice of the Commissioner the matter would be looked into.

VII. Deduction of tax paid

As under the provisions in the Bill claims for refund will be allowed for 6 years, the difficulty pointed out by the Chamber will not arise when the Bill becomes law. He added that he did not consider any interim action for the interval necessary.

APPENDIX 51

Claims for Depreciation Allowance for Income-tax purposes

Letter No. 161 dated 17th January 1938 from Chamber to the Secretary, Central Board of Revenue, New Delhi.

Under Sections 10 and 11 of the Indian Income-tax Act, allowances are given to assessees, provided the prescribed particulars are duly furnished. It has been pointed out to my Committee that in some cases, where assessees are ignorant of the provisions of the law in this regard and have no exact idea of the particulars to be furnished, the claim for refund is forfeited by their default in not making the same in the prescribed manner. In order to obviate chances of such hardship, it is suggested that instructions should be issued that the Income-tax Department should, while sending to assessees the form for making a return of income, also send a form for claiming the depreciation allowance containing the necessary particulars. Such a procedure would facilitate the submission of claims for allowance on account of depreciation and enable the assessees to claim the allowance due to them as a matter of course.

My Committee request that Government should accept this suggestion and issue the necessary instructions to the Commissioners of Income-tax.

APPENDIX 52

Trade Agreement between U. K. and U. S. A.

Letter No. 3181 dated 17th November 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

My Committee find that negotiations for a Trade Agreement between the United Kingdom and the U. S. A. are in progress. In this connection, they would like to know if the Government of India have any information as to the articles that are likely to be covered by any such agreement. My

Committee are particularly anxious that any preferences given by U. S. A. to U. K. or vice versa under that Agreement do not affect Indian exports to U. K. and the articles in which India is interested or similar Indian exports to U. S. A. In short, it is necessary that care should be taken to see that the Agreement does not cover, either way, commodities in which India has an export market either in U. K. or U. S. A. My Committee request that the Government of India should bear this aspect of the matter prominently in their minds and take steps to see that any agreement proposed did not affect the Indian interests prejudicially.

Letter No. 3343 dated 1st December 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

My Committee had requested Government, in this Office letter No. 3181, dated 17th November, 1938, for certain information regarding the Anglo-American Trade Agreement and its effects on Indian trade with U. K. and U. S. A. They are awaiting a reply from Government to the same.

In the meanwhile, they find that the Agreement between U. K. and U. S. A. has been signed and from the Press summary available it would appear that the Government of India had waived their rights to a certain preferential position in respect of certain commodities under the Ottawa Agreement. It is reported that the foreword to the Agreement includes an acknowledgment of the assistance rendered by the Government of India in this regard in the following words :—

> "His Majesty's Government in the United Kingdom gladly take the opportunity of expressing to the Governments of the Dominion and India the cordial appreciation of their readiness to facilitate the conclusion of the Agreement, by consenting to certain modifications of their rights under the Ottawa Agreements."

My Committee would like to know the details of the modifications agreed to by the Government of India and the list of commodities affected thereby. In order to appreciate fully the part played by the Government of India in the matter of this Trade Agreement, it is necessary that the correspondence

between His Majesty's Government and the Government of India in this regard should be published and copies thereof be made available for the information of my Committee.

It would also be pertinent to enquire if before agreeing to such modifications the Government of India took the unofficial Advisors in connection with the Indo-British Trade negotiations into their confidence and, if so, whether the said modifications were agreed to with their approval.

My Committee request that, as they wish to consider the matter further, they may kindly be furnished with an early reply to this letter.

Letter No. 120(8) Tr./38 dated 28th December 1938 from the Secretary to the Government of India, Department of Commerce, New Delhi, to Chamber.

With reference to your letters Nos. 3181 and 3343, dated respectively the 17th November and 1st December, 1938, on the above subject, I am directed to say that the Trade Agreement between the United Kingdom and the United States of America signed on the 17th November 1938, has since been published by His Majesty's Stationery Office, York House, Kingsway, London, W. C. 2, and copies thereof are available to the public on sale.

2. With regard to other matters referred to in your letters I am to forward, for information, copies* of recent questions and answers in the Legislative Assembly noted in the margin, which deal with the chief points raised by you.

1. **Question by Seth Govind Das No. 428 of 24th August 1938 and answer thereto and supplementaries.**
2. **Questions by Mr. Manu Subedar No. 1227 of 14th November and No. 1780 of 5th December 1938 with answers and supplementaries.**
3. **Question by Mr. Thirumala Rao No. 1783 of 5th December 1938 with answer and supplementaries.**

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* Not printed.

APPENDIX 53

Indian Shipping and the Indo-British Trade Negotiations

Telegram dated 25th May 1938 from Chamber to the Government of India Delegate and the Leader of the Non-Official Advisors in connection with the Indo-British Trade Negotiations.

"Committee Indian Merchants' Chamber approach you with a request in the interests of Indian Shipping vis-a-vis Indo-British Trade negotiations. The objective of the Government of India in the words of Sir George Rainy was to provide for an adequate participation of Indian Shipping in Coastal and Overseas Trade of India. Government of India after that promised to implement this on several occasions. As it is widely recognised that claims of national shipping should form vital part of any trade agreement, present trade negotiations going on between India and Great Britain provide excellent opportunities which should be fully utilised for implementing this promise, and secure for Indian Shipping a reasonable share of Indo-British Maritime Trade as a part of the proposed Trade Agreement which is quite essential in larger economic interests of India. Moreover, it is absolutely essential that assurances should now be secured from British Shipping interests that they would not do anything to injure Indian Shipping interests by rate wars, etc. Committee appeal to you as leader of Indian Delegation to safeguard rights of Indian Shipping."

APPENDIX 54

Afghan Trade Policy

Letter No. 2436 dated 22nd August 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

The attention of the Committee of this Chamber has been drawn to the complaints about difficulties experienced by Indian merchants in the matter of their trade relations with Afghanistan. It would appear that the nature and extent of

the difficulties in question have also been placed before Government from more than one quarter. They were also the subject matter of some interpellations during the last session of the Indian Legislative Assembly. Thus Government are posted with full particulars of the position. Government however have not up to now taken the commercial community into confidence as to what action they have taken or propose to take, with a view to safeguarding the interests of Indian trade and Indian merchants concerned.

The difficulties in question may be classified under three heads :

(1) difficulties arising out of the trade policy of the Afghan Government by virtue of certain trade monopolies;

(2) difficulties in the matter of securing payment for amounts due to Indian merchants because of certain restrictions on currency and exchange of that country; and

(3) restrictions on the rights of Indians to carry on trade, etc., freely in that country.

As regards the first set of difficulties, it would appear from reports appearing in the Press that the Afghan Government have abolished the system of monopolies, excepting in very few articles. My Committee are therefore not desirous of pressing this point further at this stage; but would like to await for fuller particulars of the experience of merchants after the removal of the monopolies in question, and would also welcome a Press note by Government specifying as to what has been done exactly.

As regards the second, from the information available, it seems that a large amount of money due to Indian merchants is lying frozen up in Afghanistan. The Indian Chamber of Commerce, Lahore, has estimated this amount at about Rs. 27 lakhs. It is possible that there may be cases which had not been brought to the notice of that Chamber, in which case the amount involved would be much larger. Government will easily realise the hardship caused to Indian merchants by such a large amount of their credit being frozen

in Afghanistan. Over and above the immediate financial difficulties, the anxiety caused by the absence of any definite indication of the prospects of realising such claims can well be imagined. There is the further factor that by a substantial depreciation of the Afghan currency, there is still a serious possibility of the Rupee value of the frozen credit being considerably reduced. All this has caused naturally considerable nervousness in the minds of the traders and merchants in India doing business with Afghanistan, and it is suggested that Government should without loss of time enter into negotiations with the Government of Afghanistan with a view to bring about a state of affairs under which the merchants concerned could be reassured.

The third set of difficulties, to which a reference was made above, is a manner for diplomatic negotiations with the Government of Afghanistan. It is very unfortunate that a neighbourly state like Afghanistan should have thought of imposing such restrictions on the nationals of this country. The question also involves considerations of national self-respect and prestige, and my Committee hope that the Government of India will, at an early date, enter into negotiations with the Government of Afghanistan with a view to settling all these difficulties.

At any rate my Committee feel that Government should issue an *interim* statement to reassure Indian traders and merchants.

Letter No. 35-C(41)/37 dated 10th October 1938 from the Asst. Secretary to the Government of India, Department of Commerce, Simla, to Chamber.

With reference to your letter No. 2436, dated the 22nd August 1938, on the above subject, I am directed to invite your attention to the notice published on page 804 of the Indian Trade Journal of the 18th August 1938, regarding the facilities given to Indian traders to exchange all Afghan currency in their possession for Afghan goods. I am to add that the Afghan restrictions on currency and exchange which have doubtless been necessitated by their own economic policy apply to all countries alike and not only to India. In this

connection I am to invite your attention to the reply given by the Honourable the Commerce Member to the starred question No. 898 in the Legislative Assembly by Mr. Manu Subedar on the 9th September 1938.

2. As regards the other matters raised in your letter under reply, I am to say that the Government of India have already taken up the question of obtaining facilities for Indian merchants to trade in Afghanistan with the Afghan Government.

APPENDIX 55

Trade Agreement between India and South Africa

Letter No. 914 dated 19th March 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of my Committee has been drawn to a Communique issued in the press, dated 9th March, 1938 announcing the conclusion of a temporary trade agreement between the Government of India and the Union of South Africa. My Committee note that the agreement in question is only a temporary *modus vivendi* providing for mutual most-favoured-nation treatment in respect of commodities not eligible for preferential treatment by virtue of any other arrangement; but after the manner and method in which the Ottawa Agreement, even after its denunciation, is being kept alive, they may be excused if they entertain any doubts regarding its temporary character. Such arrangements, while at the time of their initiation, are announced as temporary, have unfortunately in this country a knack of becoming permanent.

Although under the existing constitution "the Government of India are under no constitutional obligation to place before the Legislature the terms of a trade agreement before the same is concluded or ratified and although India does not enjoy as regards the negotiation of trade agreements the same political status as the self-governing Dominions," the Indian Legislature, the Indian commercial community and

the Indian public have persistently demanded that a healthy practice should be set up by making it a convention that all trade agreements before they are finally concluded and ratified should be subject to the approval of the Legislature. Unfortunately, Government have not yet seen their way to fall in line with such a request. Lately, however, a very salutary practice of at least consulting representatives of commercial bodies in regard to the scope and terms of such agreements was in vogue. Thus in the case of the Indo-Japanese and the Indo-British Trade agreements commercial representatives were associated with the Government delegates in discussing the terms of the agreement. It is not even clear whether such a practice is in future to be a permanent feature in the negotiations for such trade agreements. However, in this particular case, even the semblance of such non-official consultation has been dispensed with. My Committee are, therefore, very much concerned at this departure and against this they wish to record their emphatic protest.

They submit that it should be laid down definitely, and once for all, that no trade agreement would be entered into between India and any other country unless the scope and terms thereof have been the subject matter of previous consultation with representative commercial bodies in the country. They would go a step further and repeat the demand that has been made often in the past that such agreements should, at any rate, before ratification be placed before the Indian Legislature for their approval and no agreement should be ratified unless the same was so approved.

Emphasis on this aspect of the question is all the more necessary at this juncture. Under the Government of India Act, 1935, conclusion of trade agreements as coming under external affairs will be a reserved subject and the Governor-General's responsibility in regard to such matters will be to the Secretary of State for India. In this particular case, it may be very well to say that the agreement is only of a temporary character and could be terminated by three months' notice. At a future date, however, even if the Government of India, in whatever form it may be constituted ultimately, is desirous of giving such a notice, it will not be able to do so. Such

notice can only be given with the sanction of the British Government, which means that the agreement which is called temporary will become terminable only if the British Government decides to terminate it.

In no quarter has, in the immediate past, a demand been made for an agreement with South Africa. India's trade position with that country is also from the nature of the agreement concluded not going to improve immediately. In the face of such considerations it is difficult to understand the anxiety of the Government of India to rush through an agreement, of a temporary nature, with that country.

The Indian commercial community have, in the past, often complained about the omission in the scope of trade agreements of reciprocal rights of free trade, free citizenship, travel, residence, navigation etc. Provisions in regard to such rights are a normal feature of trade agreements entered into between European countries. The many social and other disabilities which obtain in South Africa against the nationals of this country are matters on which Indian public opinion has felt very strongly and Indian national self-respect required that, before any talk of an agreement affecting trade relations with that country, the disabilities on Indians in that country *qua* Indians were removed. It is very surprising that the Government of India should not at all have considered this aspect of the question. The position of Indians overseas has been a matter of deep concern for Indian publicists and it is beyond comprehension as to why the Government of India should have been over-solicitous in securing a trade agreement with a country, which is intolerant in its treatment of Indian nationals, when such agreement does not confer on this country any advantage, either commercial or otherwise.

Letter No. 921 dated 19th March 1938 from Chamber to the Chief Secretary to the Government of Bombay, Bombay.

I am directed by my Committee to draw the attention of the Government of Bombay to a Communique, dated 9th March, 1938, issued by the Government of India, containing information about the exchange of notes regarding *modus vivendi* providing for mutual most-favoured-nation treatment

between the Government of India and the Union of South Africa. In particular, my Committee wish to draw the attention of Government to Clause (iv) of the Agreement in question. As reported in the press the clause reads :

"The most-favoured-nation treatment, provided for, shall apply also to taxes or charges levied in connection with the internal distribution and sale of imported articles."

Although the "implementing of treaties and agreements with other countries" is on the Federal Legislature list of the Government of India Act and, therefore, within the purview and function of the Central Government, the question arises whether any provisions in any agreement entered into under this power by the Central Government can provide for, or restrict the powers and rights of a Provincial Government in any subject or matter coming within the purview of the Provincial Government under the Provincial Legislative list. Under the said list, taxes on profession, trades and callings and employments and taxes on sale of goods and on advertisements are provincial sources of revenue. By clause (iv) of the Agreement above referred to, the Central Government have accorded certain immunity or privileges in regard to any sales tax that may be levied. The question, therefore, arises whether such a privilege or right can be conceded without the concurrence of the provincial Governments.

My Committee would firstly like to know whether the Provincial Governments were consulted in the matter and, if they were not consulted, whether they consider the action of the Central Government in question in any way an encroachment on the provincial legislative sphere. My Committee are raising this issue more with a view to a clarification of the issues involved than with the object of discussing the action of the Central Government in this particular matter. They would, therefore, like to be furnished with the considered views of the Provincial Government on the question.

Letter No. 3352/33-D. dated 29th July 1938 from the Secretary to the Government of Bombay, Finance Department, Bombay, to Chamber.

With reference to your letter No. 921, dated 19th March 1938, on the subject mentioned above, I am directed to state

that Clause (iv) of the agreement, viz., that the most-favoured-nation treatment provided for shall apply also to taxes or charges levied in connection with the internal distribution and sale of imported articles, refers not only to taxes included in the Federal Legislative List but also to those included in the Provincial Legislative List in the Seventh Schedule to the Government of India Act, 1935. It has been ascertained that the Government of India hold the view that this clause is fully covered by section 297 (1) (b) of the Act. That being so, the clause cannot be considered as an encroachment on the Provincial legislative sphere, and consequently no question arose of prior consultation with the Provincial Government.

APPENDIX 56

Exports to Iran

Letter No. 1935 dated 1st July 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed by my Committee to address Government once again on the question of the difficulties experienced by Indian merchants in exporting goods to Iran and in receiving payment for amounts due from that country.

2. Indian exports to that country have been continuously deteriorating, while therefrom into India have been gradually increasing, as will be seen from the following figures :—

(in Lakhs of Rupees.)

	1932-33.	33-34.	34-35.	35-36.	36-37.	37-38.
Imports from Iran	103	144	208	235	217	274
Exports to Iran	55	56	35	43	129	74

The balance of trade has thus been all along in recent years against India, and it is, therefore, necessary, both in the interests of national economy and of trade, to correct the position by securing a greater export market in Iran for Indian goods.

3. It is pertinent to point out that in Iran the State has taken complete control of foreign trade under the Foreign

Trade Monopoly Law of 1932 by which it is sought to allocate exchange to finance imports in a manner which would encourage exports. Over and above this, although India is supposed to enjoy most-favoured-nation treatment in that country, the quotas under the above law have afforded to Soviet Russia a more favourable treatment than to India. As the above state of affairs has been created by the action of the Government of that country, any effort at improving India's export trade will be possible only by negotiations between the Government of India and the Government of Iran.

4. My Committee are particularly concerned here with the question of export of Indian cotton manufactures to Iran. In recent years the value of these exports have fallen as under :—

(in Lakhs of Rupees.)

	1932-33.	33-34.	34-35.	35-36.	36-37.	37-38.
Piecegoods	18	18	12½	16	18	11½
Twist and Yarn	20.4	23.6	8	Rs. 3000	Rs. 28	—

The import trade into that country in these two commodities is rigidly controlled. Importation of cotton yarn below 20s. is prohibited and importation of piecegoods is a Government monopoly. All this has resulted in Indian piecegoods losing ground in that country.

5. The trade position between the two countries, as has been pointed out above, would justify an Indian demand for a greater share of the Iranian market for Indian textiles. My Committee believe that if the Government of India pursue the question sriously with the Government of Iran, it would be difficult for that country, with such a favourable balance of trade, to resist the claims of the Indian cotton manufactures for a fairer treatment in the Iranian market.

6. My Committee, therefore, request that the Government of India should take up this question with the Iranian Government at an early date.

APPENDIX 57

Protection to Magnesium Chloride Industry

Letter No. 63 dated 12th January 1938 from the Secretary, Tariff Board, to Chamber.

In connection with the enquiry referred to the Tariff Board by the Government of India, Department of Commerce, in their Resolution No. 199-T(1)|37, dated the 18th December, 1937, as to the desirability of continuing measures for the protection of the Magnesium Chloride Industry after the 31st March, 1939, I am directed to forward herewith a copy of the questionnaire* issued by the Board and to say that if your Chamber wish to express their views on any of the questions or on the effect of the protective duties on magnesium chloride on textile or other industries, they may be forwarded (with 4 spare copies) to the Secretary to the Board at No. 1, Council House Street, Calcutta, not later than the 7th February, 1938.

Letter No. 449 dated 10th February 1938 from Chamber to the Secretary, Tariff Board, Camp.

I beg to acknowledge the receipt of your letter of the 12th January 1938, No. 63, and to send to you hereby the views of my Committee on the question of protection to the Magnesium Chloride Industry :

Magnesium Chloride is an important and essential ingredient in sizing used for cloth in the textile industry. As has been unfortunately the case with several Indian industries, the cotton textile industry had to depend for its requirements of Magnesium Chloride from outside, in this case from Germany. The World War shattered several illusions and one of the illusions was that a country could depend upon another far off country for some of its essential products required for key industries. The supply of Magnesium Chloride being practically stopped, an industry was started in Kharaghoda by the Pioneer Magnesia Works. They supplied this stuff during the period of the War, after which the supply again began to come freely from Germany, and the local industry was hard hit. In fact in 1925-26, the industry came down to such

* Not printed.

a position that it was almost obliged to close down. The Pioneer Magnesia Works, however, patiently persevered in their efforts to keep their works going and were ultimately successful when their claim for protection was accepted by Tariff Board in 1928-29 and protection though of a very limited extent was granted by Government in 1931 of annas 8|9 per cwt. The industry had to face another competitor in Japan which started sending in 1933 magnesium chloride to this country at Rs. 1|7 per cwt. c.i.f. Bombay and other Indian ports. How ridiculously low this price was could be seen from the fact that the steamer freight from Hongkong and Shanghai to Indian ports at that time was Rs. 2|- per cwt., whereas the material was landed here at less than Rs. 1|8. Government gave a further measure of protection in 1934 and this enabled the Magnesium Chloride Industry to withstand the competition from Japan. The protection given in 1929 and 1931 was fixed for a period of seven years, and unless the protection now given is continued the Indian industry may have to go to the wall. My Committee are, at the same time, of the opinion that the industry, if it is given a good measure of protection now, may come to a stage when it will not stand in need of any protection. The progress of the industry, with its own efforts and with the help of protection, is really satisfactory. About 2,000 to 2,500 tons were produced in 1931, when protection was originally granted and the production has now gone upto 10,000 tons. It is one of the few industries which are able to export their goods to foreign countries. Magnesium Chloride is now being exported to the United Kingdom, Australia, Holland and other parts of Europe, including Hamburg, which was otherwise the original place from which it was coming to this country. Imports of the articles have practically fallen off, and it may be argued that there is no necessity for any protective measures at present. There is a great necessity for circumspection and vigilance in such matters. My Committee apprehend, and the past experience of several industries justifies them in saying so, that if protection is now withdrawn, the competing countries may dump again magnesium chloride at a ridiculously low rate, thus kill the local industry and then put up their prices which will be monopoly prices.

Magnesium Chloride, as has been remarked above, is an important ingredient for sizing for the cotton textile mills. It must be pointed out at the same time, that its cost is so very small that the protective measure at present in operation means only 1|20th of a pie per yard of cloth or .03 per cent. The cotton textile industry in short itself does not make a grievance of the protection given to the Magnesium Chloride Industry. There is still a large future before the Industry. The mill industry itself may develop, while the handloom industry may also take it up in larger and larger quantities. It can be used for purposes other than sizing. Thus, for instance, it can be used for purposes of jointless composite flooring, and for stucco and other building works, for making basement floor and flooring of railway wagons, as also for road repairs.

My Committee feel that the industry has satisfied all the three conditions mentioned in the report of the Indian Fiscal Commission. There is an abundant supply of raw materials, power, sufficient supply of labour and a large home market. The raw material needed is bitterns, which is a waste product of salt, and as salt is produced in India to a very large extent there will never be any scarcity of this raw material. Power and labour are always available at their factories. While with regard to the home market, my Committee have already explained how there is an ever-growing home market for consumption of this article.

With regard to the other two conditions, whether development is possible without protection as is desirable in the interests of the country, my Committee have already pointed out that development is not possible at present without protection, but that if the protection is given the industry will come to a position when it will no longer require protection. In view of all these circumstances, my Committee hope that the Tariff Board will be pleased to recommend that the existing measure of protection of Rs. 1|5 or 25 per cent. *ad valorem*, whichever is higher, should be continued for a further period of seven to ten years.

APPENDIX 58

Tariff Board Enquiry regarding Paper Industry

Letter No. 18 dated 5th January 1938 from the Secretary, Tariff Board, to Chamber.

With reference to the Government of India, Department of Commerce, Resolution No. 202-T|36, dated the 11th December, 1937, asking the Tariff Board to enquire into the desirability of continuing measures for the protection of the Bamboo Paper and Paper-Pulp Industries after 31st March, 1939, when the present protective duties expire, I am directed to enclose herewith three sets of questionnaires* for :

(1) Manufacturers,

(2) Importers and Traders, and

(3) Newspapers, printers and publishers,

and to say that the Board would be glad to have any comments that you may be pleased to make. I am also to enquire whether your Chamber desire to tender oral evidence.

2. Reply (with 4 spare copies) may kindly be sent not later than January 31st addressed to Secretary, Tariff Board, 1, Council House Street, Calcutta.

Letter No. 822 dated 12th March 1938 from Chamber to the Secretary, Tariff Board.

I am directed to acknowledge receipt of your letter dated 5th January 1938, No. 18, forwarding the Questionnaire issued by the Board in connection with the above enquiry.

The Questionnaire asks for much detailed technical and other information, which my Committee feel may best be left to be furnished by the manufacturers. They, would, therefore, confine their remarks to the general question of the need for continuing the protection to the industry.

2. The consumption of paper in India, both imported and indigenous, has increased after the last Tariff Board enquiry, as will be evident from the following figures :—

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* Not printed.

In Tons

	1931–32	1932–33	1933–34	1934–35	1935–36	1936–37
Total quantity of paper imported (including Pasteboards) ..	109,535	131,977	128,180	146,762	166,647	160,149
Total quantity manufactured by Indian Mills ..	40,714	40,200	43,650	44,600	48,100	48,550
Total consumption	150,249	172,177	171,830	191,362	214,747	208,699

3. The last seven years have witnessed a sound and steady expansion of the industry. The total output of protected paper has increased from 35,000 tons in 1930-31 to 48,000 tons in 1936-37 and this measure of progress has been achieved inspite of the continued world slump in prices and production. A number of new mills are under construction and it is estimated that India's capacity for paper production will be increased shortly by nearly 20,000 tons. The industry has still an enormous scope for expansion in view of the total consumption of paper in the country. The total Indian demand in 1936-37 of protected as well as unprotected paper was over 200,000 tons, out of which the country produced only about 25 per cent. Thus about 75 per cent of the total paper requirements of the country has still got to be met by importation from abroad; inspite of the country's abundant resources —material, technical and human.

4. Fostering the development of the bamboo pulp industry in the country is one of the main objects of the Paper Protection Act. This expectation of the Tariff Board is in process of realisation, although one would wish that the progress in this regard was more rapid. In the near future India may witness a greater development of bamboo pulp industry. New paper mills in process of erection will create a demand for bamboo pulp. It is estimated that at least 10,000 tons of bamboo pulp per annum will be required to supply the needs of the Mills, when the new mills under erection will commence functioning. This encouragement to the bamboo pulp

industry may have favourable reactions also on the manufacture of suitable pulp for Rayon and such other industries. It is encouraging to note that withstanding the increase in total production of Indian paper the demand for imported pulp is gradually, though slowly, diminishing. The Tariff Board, while continuing the protection to the industry, may suggest ways and means of bringing a greater and more rapid use by Indian mills of bamboo pulp in larger quantities, and suggest ways and means of ensuring that the primary object of the Paper Protection Act of the utilisation of the resources of the country in the raw materials for paper production, such as bamboo and grass, is fulfilled at an early date.

5. My Committee not only urge the continuation of the present measure of protection to the paper industry, but also strongly recommend the extension of protection to certain other varieties of paper, now not protected. The demand for unprotected paper during the last six years has increased by 47 per cent. in contrast with the increase of only 12 per cent of protected paper. In this connection, it may be pointed out that the previous enquiry refused to make any recommendation on protection to wrapping paper, because that field was unexplored as far as Indian enterprise was concerned, but the new mills under erection seriously contemplate to fulfill the country's requirements of wrapping paper, especially Kraft and Kraft Imitation paper. At present the country imports Rs. 48,00,000 worth of this variety of foreign paper, the major portion thereof coming from Scandinavia. There is a great scope for the production of Kraft wrapping paper, Manilla, Drawing Cartridge and Newsprints. It may be pointed out that the prices of Kraft paper have heavily declined to the extent of half an anna per pound (lb.) in the last year alone. To this must be added the fact that foreign concerns actively indulge in unremunerative rates to capture and consolidate their position in our home market. It must also be remembered that the contemplated Kraft industry—about which it has already been said that the need is urgent and the scope wide will be in the nature of a pioneer enterprise without any experience of past production. It is liable to be handicapped by extra technical costs and attendant risks

of frustration and failure. In that case, it has got to be equipped for alternative and substitutive forms of paper production which would necessitate extra capital equipment. Again, perfecting the process and methods of manufacture is a tardy process involving stupendous initial and working costs. Looking to these considerations, my Committee strongly urge upon the Tariff Board the necessity of extending the scope of protection to those classes of paper which remain unprotected at present, especially the Kraft and Imitation Kraft wrapping paper, about which enterprise there is an increasing earnestness on the part of some Indian mills.

6. My Committee would like to bring to the notice of the Tariff Board that certain classes of protected paper on which tariffs are imposed are, it is understood, imported into the country under false labelling. A relevant instance,—which has been placed before them,—in this connection is the importation of Account-Book paper under the guise and description of wrapping paper. The provisions relating to Manilla also afford a similar loophole.

7. The suggestion regarding the possible removal of the Customs surcharge on the protective duty has made my Committee feel anxious for the future of the industry. It is believed that the removal of the surcharge might adversely affect the future of many indigenous concerns. The paper industry is still in an infant stage and has to seriously compete with foreign countries, where paper manufacture has attained a high degree of economy, efficiency and perfection. In its present stage, it is in the process of development and any premature removal or reduction of the existing measure of protection will give it a rude set-back. In the light of the possibilities the indigenous paper industry has been showing year after year, my Committee urge that the existing measure of protection should be continued.

APPENDIX 59

Protection to Silk Industry

Letter No. 595 dated 15th June 1938 from the Secretary, Tariff Board, to Chamber.

In connection with the enquiry into the grant of further protection to the Sericultural Industry in India, I am directed to forward herewith questionnaire* for Importers and Traders. The Board hopes that you will send a reply (with 5 spare copies) to this questionnaire as soon as possible, and in any case not later than the 23rd July 1938.

Letter No. 2089 dated 19th July 1938 from Chamber to the Secretary, Tariff Board.

I am directed by my Committee to refer to your letters of the 24th May and 15th June, 1938, forwarding to them copies of the questionnaires issued by the Board in connection with the enquiry into the claims for protection to the silk industry. As the said questionnaires are mainly intended to be answered by importers, traders and industry, my Committee are not here replying to the same. They would, however, make a general statement of their views on the question of continuing the protection to the Sericulture Industry and incidentally to the silk industry.

Before however dealing with the present reference, my Committee would like to refer to the fact that the protection that was afforded by the Tariff Textile Protection Amendment Act of 1934 did not give to the industry the measure of protection recommended by the Tariff Board. In fact, by that Act, Government granted to the industry a much lower level of protection than was found justified by the Board. Even during the first period of protection the claims of the industry for greater relief were pressed before Government on many occasions and the Committee of my Chamber had sent representations for an immediate review of the situation with a view to increasing the level of protection afforded to the industry. My Committee are mentioning this particularly,

* Not printed.

to urge upon the Board that, in their opinion, even the protection then afforded was half-hearted and did not go the whole way the Tariff Board or the commercial community wanted Government to go.

My Committee must in this connection draw a pointed reference to an additional consideration introduced in the Commerce Department Resolution, dated 9th April, 1938, referring the question of the Sericulture industry to the Tariff Board. The Board is asked to take into account, in making their recommendations, the financial needs of the country and dependence of the Government of India on import, export and excise duties for a large part of its revenue. It is very unusual for Government to charge the Tariff Board with the duty of considering the effect on revenues by any of their recommendations regarding protection to an industry, and my Committee cannot too strongly condemn the departure. My Committee most emphatically protest against the implications of introducing the revenue factor in the terms of reference. After all, the country is committed to the policy of discriminating protection and the application of that policy to any industry must, in its initial stages, be, or at least be presumed to mean, an acquiescence in the consequential drop in the revenues from the Customs and other duties on that import. My Committee, therefore, feel that in a matter concerning the protection of an industry the recommendations of the Tariff Board should be fettered by such revenue considerations. It should be guided, mainly, from the point of view of the essential requirements of the industry sought to be protected.

The claims of the industry for protection were examined in great detail by the Tariff Board and the Board came to the conclusion that after applying all the tests laid down by Government in this regard, the industry required to be safeguarded. My Committee, therefore, do not wish to discuss here the question of justification for protection. If at all the position of the industry has, as compared with what obtained at the time of the last Tariff Board Enquiry, worsened and, therefore, the strong arguments in favour of protection

adduced by the Board themselves in their report in 1933 are of equal, if not, greater application today.

The imports of raw silk have been increasing during the last four years, as will be seen from the following figures :—

Year.	Quantity. Lbs.	Vaule. Rs.
1934-35	2,216,920	57,37,898
1935-36	2,191,436	57,73,129
1936-37	1,977,419	64,51,871
1937-38	2,535,274	94,67,262

The figures of the production of raw silk in the country, as far as they are available, also indicate that there has been no advance absolutely. On the contrary, the Indian industry has not been able to withstand the foreign competition, and the conclusion is irresistible that the measure of protection afforded to the industry has not been adequate to serve its purpose, viz., to enable the industry to consolidate its position. Protection from competing classes of imported silk goods was also accepted by the Tariff Board in its last report and by Government by their subsequent action as an essential step in any scheme of protection for the sericulture industry. The figures, however, of the imports of silk piecegoods, as shown below, go to show that the expectations held by the Board have not been realised :—

Year.	Quantity. Lbs.	Vaule. Rs.
1934-35	2,627,951	1,25,20,420
1935-36	2,146,234	90,37,207
1936-37	1,741,998	81,21,559
1937-38	1,806,324	89,92,562

It is, therefore, evident that the measure of protection given to the industry has failed to achieve its object, that the Government were not justified in fixing rates of duties lower than those recommended by the last Tariff Board and that the industry stands in greater need of assistance now than at any time in the past.

As far as the handloom industry is concerned, a corresponding and effective increase in the duty on imported silk

manufactures, which has been accepted as an integral part of the scheme for the protection of the sericulture industry, is adequate compensation to that industry, for the increase in the cost of raw materials. My Committee even feel that with the increased attention now being given by autonomous Provincial Governments to the needs of the handloom industry, the protective effect of the duties on imported silk goods will be more evident and the scheme of protection will benefit this industry to the same, if not a greater, extent as the sericulture industry.

My Committee wish also to suggest that the scheme of protection recommended should include automatic safeguards against currency fluctuations and against abnormal reduction in the price of imported silk and silk piecegoods. Past experience has shown how the above factors can upset considerably the measure of protection, based on certain level of prices and exchange assumed as a standard by the Board, while forming their conclusions.

My Committee, therefore, strongly urge on the Board the desirability of continuing the protection to the industry, of raising the protective duties to a level which would, having regard to all relevant factors, in the opinion of the Board, enable the industry, firstly, to withstand foreign competition, and, secondly, to consolidate its position, and of recommending a fairly long period of protection. The industry, which has a historic past, should not be allowed to die by the competition of the kind it has experienced during recent years; but should be assisted by the State in withstanding and fighting that competition. The part played by the industry incidentally in the rural economy of certain parts of the country is also a factor of vital importance and it is to be hoped that the revenue exigencies of the Government of India will not stand in the way of a just and satisfactory solution of the problem of saving the sericulture and silk weaving industry for the country.

APPENDIX 60

Certificate of Origin for Preferential Duties and Goods of Indian States Origin

(Refer previous correspondence on page 535 of the Annual Report for the year 1937.)

Letter No. 46-C(6)/37 dated 22nd July 1938 from the Secretary to the Government of India to Chamber.

I am directed to invite a reference to your letter No. 3259, dated the 29th November 1937, in which you raised the questions whether for the purpose of securing the benefit of Empire preferential rates of duty the term 'British India' used in certificates of Oringin includes Indian States and whether the marking of goods manufactured in Indian States as 'Made in British India' constitutes an offence under the Indian Merchandise Marks Act, 1889.

2. As regards the first point, I am to state that the question was considered in 1933 and it was decided in consultation with His Majesty's Government in the United Kingdom that the term 'British India' would be regarded as including Indian States. In this connection I am to invite your attention to the correspondence on the subject enclosed with this Department letter No. 46-C(3)|32, dated the 15th March 1933.

3. With regard to the second point relating to the position under the Indian Merchandise Marks Act, I am to say that although the marking of goods produced in Indian States as 'Made in British India' constitutes an infringement of the provisions of the Act, the Government of India have decided that, in view of the purpose for which they are so marked, no action should be taken under that Act in respect of such goods entering British India when they are intended for export abroad or form part of transhipment cargo. As regards the goods so marked which are cleared or warehoused on importation and subsequently re-exported to foreign destinations, they consider that such goods should in the first instance be allowed to be passed by the Customs Houses on an undertaking being given by the importers to produce evidence within a given period, say two months, of re-exportation. The Collectors of Customs have been instructed by the Govern-

ment of India that if any merchant fails to comply with his undertaking they should refuse to pass any subsequent importation by him with the marking described and should confiscate the goods imposing a pecuniary penalty which should however be refunded if the goods are subsequently proved to have been re-exported within the prescribed time. This procedure will be tried as an experimental measure for a period of one year.

APPENDIX 61

Marks of Origin on Gunny Bags

(Refer previous correspondence on page 533 of the Annual Report for the year 1937.)

Letter No. T. 32-3-8 dated 21st July 1938 from the High Commissioner for India, Trade Department, London, to Chamber.

With reference to your letter No. 1681 dated the 6th June 1938, I am directed to say that from the enquiries conducted at this end we learn that there has been in recent months no case in which the Customs authorities have insisted on marks of origin being placed on all containers. We shall, however, be glad to take up the matter with the Customs authorities if you are in a position to let us have one or two specific cases which may have come to your notice since you wrote to us.

I am to add that we are aware of a case in which the question of marking was raised in connection with bags used as containers from a country other than India. This case has, however, long since been cleared. The authorities are now treating the sacks of grain emptied on board or on the quay for the convenience of handling, as normal packing and are admitting them free of duty. This concession is, however, conditional on the sacks having been used as containers at the time of importation and on their being the property of the merchants concerned. If they are, however, the property of the ship and are landed for home use, they are liable to duty separately, but are admitted free if accompanied by the necessary certificate of origin.

APPENDIX 62

Recovery of Duty on Shortage in Weight of Goods Re-exported

Letter No. 3508 dated 21st December 1937 from Chamber to the Collector of Customs, Bombay.

My Committee are informed that certain goods like pepper, cloves, ginger etc., stored in bonded warehouses, after some time, due to shrinkage and other natural causes, lose some weight. When such consignments are re-exported from bond, the Customs authorities, they understand, are collecting duty on the weight lost. It would appear that formerly when such goods were re-exported no claim for duty in respect of lost weight was made. My Committee would like to know if the above information is correct and, if so, the reasons for this change in practice whereby now duty on weight lost is collected. They would also request you to point out to them the relevant provisions of the Sea Customs Act, or of the Rules thereunder, under which the levy of duty on such lost weight is authorised. This information is necessary in order to enable my Committee to consider the complaints they have received in respect of collection of duty under the above circumstances.

Letter No. C.M.1620/ dated 16th August 1938 from the Collector of Customs, Bombay, to Chamber.

I have the honour to refer to the correspondence resting with my letter C. No. 1620|37 dated the 16th June 1938.

2. In accordance with section 94 of the Sea Customs Act, an amendment in the declaration of the quantity or value of any goods entered for warehousing can be allowed at any time before the warehousing of the goods is completed but not subsequently. In conformity with these provisions, the practice of this Department has been to charge duty on the quantity declared by the bonder in the Original Bill of Entry for bond and verified on examination and weighment, if the goods are cleared for home consumption; if, however, they are re-exported from bond to any foreign port, and are at that time subjected to weighment the practice has been to charge duty on the shortage, if any, disclosed between the

weight originally declared and verified and the weight ascertained on weighment at the time of re-export.

3. It will be seen therefore that no allowance has been made in practice for any shortage in weight due to dryage, and on enquiry I understand that there has been no alteration in this practice.

4. This practice has now been held as correct by the Government of India, Finance Department (Central Revenues), who, on a reference made to them on receipt of your letter under reply have ruled that " no allowance for the loss of the weight of warehoused goods on account of dryage is admissible under the Sea Customs Act except in respect of goods mentioned in section 116 and 117 " of that Act.

APPENDIX 63

Import Duty on Raw Drugs—Abolition of (Difficulties of Pharmaceutical Industry in India)

Letter No. 1102 dated 6th April 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of this Chamber to address the Government of India on the question of abolishing the import duty on raw drugs, particularly those drugs which are at present not grown in India and have to be imported to meet the requirements of the pharmaceutical industry. This matter received the attention of the Drugs Enquiry Committee in 1931 and they referred to it in the following words in their report :—

" The import of raw materials not available in India, however, deserves special treatment. Crude drugs which have to be imported are subject to a duty which has now been increased to 20%. In the competition with reputed firms of foreign manufacturers having tremendous resources at their disposal and who go in for mass production, the infant industry in India needs all the assistance that the State can reasonably afford. The total abolition or appre-

ciable reduction of this import duty, the Committee consider, will afford material relief to the Indian manufacturers and tend to ease the situation considerably. It will lessen the hardships and disadvantages to which they are now exposed."

Since then the duty has been increased and instead of any relief being given to the drug industry of India, its capacity to withstand foreign competition has thus been further handicapped by the increase in duty. The pharmaceutical industry in India is still in a stage of infancy. The products of the industry have to be marketed in competition with the products of the highly organised and well-established industry of the West. Therefore, the presence of such a duty which tends to increase the cost of the Indian manufacturer is, on the one hand, a burden on the Indian industry and, on the other, a provision in the nature of a subsidy for the competitor. The argument that the duty amounts to a subsidy to the foreign competitor is strengthened by the consideration that in the case of imported medicines the duty is charged only on the alcoholic contents, the drug contents not bearing any duty. In other words, the drugs present in imported medicines are, in effect, imported into the country free of duty, while the drugs in their raw form imported for manufacturing purposes by the Indian industry have to pay a heavy duty. The Indian manufacturer should not be obliged to pay any duty on the drug contents of the medicines as such contents in imported medicines have not to pay the duty. The abolition of the duty is also justified on the larger consideration of freeing the essential raw materials for an important industry from the burden of a tax in the nature of an import duty. This aspect has been discussed at length by the Fiscal Commission and their recommendation on the general principle goes to support the case for an abolition of the duty on drugs.

This relief of placing raw drugs on the free list is also rendered necessary for assisting the growth of the Indian industry. Although in their terms of reference the Drugs Enquiry Committee was not asked to look into the position of external competition, they were convinced of the need for

some Government assistance in that regard and made the following recommendation in their report :—

> "We consider the question of protection of the drug industry to be of such primary importance that we recommend the reference of the question to the Tariff Board for thorough investigation, which strict interpretation of our term of reference and shortness of time at our disposal precluded us from undertaking."

They also suggested the increase by 5% of the import duty on manufactured drugs. The Drugs Enquiry Committee, therefore, realised the importance of some direct assistance to the Indian industry in its efforts to establish itself in the country. My Committee are not at this stage raising the question of protection to the industry, but are only referring to the above remarks of the Drugs Enquiry Committee with a view to urge upon the Government of India, the necessity of assisting the industry by at least abolishing the import duty on raw drugs.

My Committee hope that the above request of the industry will be sympathetically considered.

Letter No. 412-T.(4)/37 dated 9th September 1938 from the Secretary to the Government of India, Simla, to Chamber.

I am directed to refer to your letter No. 1102 dated the 6th April 1938 on the above subject, and to make the following observations on the questions raised by the Indian Drug Industry.

2. **Import duty on raw drugs:** This question was considered at the time of the examination of the recommendations of the Drugs Enquiry Committee, and the Government of India came to the conclusion that it would not be feasible to arrive at a workable definition of crude drugs as many substances (e.g. camphor) used in the manufacture of medicines are also used for other purposes. The Indian Pharmaceutical Industry, however, obtained a certain measure of assistance through the raising in the revenue import duty on medicines from 15 per cent *ad valorem* to 30 per cent standard and 20 per cent preferential. It will be observed that the increase in

the standard rate has actually been higher than that which was recommended by the Drugs Enquiry Committee on protective grounds.

3. **Drug contents in imported medicines containing spirits not bearing duty:**—The Government of India consider that there is no ground for complaint in this respect. The alleged handicap to the Indian Industry is abundantly outweighed by the advantage which that Industry enjoys in paying spirit excise duty at Rs. 5|- per gallon as against the Customs Spirit duties of Rs. 26|- and Rs. 29|- per gallon. Further, under the proviso to item 22 (5) of the Indian Import Tariff Schedule, all medicinal preparations containing spirit are subject to a minimum duty at the normal *ad valorem* rates of 30 per cent standard or 20 per cent preferential. The *ad valorem* rates operate in cases where either the spirit contents are small or where the drug contents (or the mixture as a whole) are expensive.

I am to add that, while import duty is not separately charged on bottles, corks etc., the cost of containers and packing is undoubtedly included in the total landed cost of medicines.

4. **Railway freights on drugs:** The question of the classification of drugs for this purpose has been receiving the attention of the Indian Railway Conference Association, and the relevant entries for "Drugs, country" and "Drugs, imported" will be revised as follows :—

	Classification	Pie per manud per mile.
Drugs, crude or raw As under—Aboober, etc.	4 Railway Risk	(0.62)
Drugs, crude or raw, N.O.C.	4 Railway Risk	(0.62)
Drugs, manufactured, N.O.C.	8 Railway Risk	(1.04)

As a result of this revision the differentiation between imported and country drugs in their crude or raw state will disappear."

Letter No. 3346 dated 1st December 1938 from Chamber to the Secretary to the Government of India, Commerce Department, New Delhi.

I am directed to refer to the correspondence on the above subject ending with your letter No. 452-T(4)|37, dated 9th September 1938.

The Alembic Chemical Works Co. Ltd., have forwarded to my Committee a copy of their letter to the Government of India, dated 6th October 1938 embodying their observations on the arguments advanced by Government as grounds for refusing to accept the suggestions made by the Company for abolishing the import duty on raw drugs and for affording relief to the industry in certain other directions. My Committee have gone through the case presented by the Company and feel that in the interest of developing the pharmaceutical industry in India the matter deserves further consideration at the hands of Government. The chief objection of Government against placing raw drugs on the free list was that it would not be feasible to arrive at a suitable definition of crude drugs, "as many substances used in the manufacture of medicines are also used for other purposes." As the Company have pointed out in their reply, this difficulty is not insuperable. The stand taken by the Company is strengthened by the fact that in the United Kingdom, a large number and variety of raw drugs required for the pharmaceutical industry are placed on the free list. If it was possible in that country to compile a list of raw drugs, which may be admitted without duty, my Committee see no reason why a similar list cannot be evolved here also. The argument about the incidental protection afforded to the industry by the increase in the rate of import duty on medicines cannot also stand, as pointed out by the Company, having regard to the fact that the other cognate recommendations of the Drugs Enquiry Committee for affording assistance to the Pharmaceutical Industry have not been given effect to. The recommendations of the said Committee will have to be taken as a whole, and it is no use pointing out to one factor, viz., the rate of duty on imported medicines being higher than the rate envisaged by the Enquiry Committee. Government's point about the

advantage in the spirit excise duty has also been controverted by the Company in their Memorandum. My Committee are inclined to the view that the case of the pharmaceutical industry require to be further considered and hope that the Government of India will be pleased to re-examine the position with a view particularly to secure the abolition of the import duty on raw drugs.

APPENDIX 64

Import Duty on Foreign Cotton

Letter No. GC1/159 dated 2nd September 1938, from the Hon. Secretary, Buyers & Shippers' Chamber, Karachi, to Chamber.

I am directed by the Committee of the Chamber to forward herewith a copy of this Chamber's representation No. GC1|1 dated the 1st July 1938 to the Government of India regarding the suggestion to impose a prohibitive duty on imports of foreign cotton, and to request that your Committee will be good enough to consider the matter carefully, and suitably address the Government of India in support thereof. I am also enclosing for your information a Note re: Indian Cotton Textile Industry.

Copy of Letter No. GC1/1 dated 1st July 1938 from the Hon. Secretary, Buyers & Shippers' Chamber, Karachi to the Secretary to the Government of India, Department of Commerce, Simla.

Subject : **Imports of Foreign Cotton**

"I am directed by the Committee of the Chamber to address you in regard to the vital necessity of restricting imports of foreign cotton with a view to encouraging cultivation of medium and long staple cotton in India.

Cotton occupies a supreme position in India's agriculture. It is a raw material for a staple industry. It has a considerable internal as well as export market. In the world market, it is second only to that of American with which it accounts for

more than two-thirds of the total world outturn. Such is the important position of Indian cotton despite its cultivation largely on primitive lines.

Originally, it was with a view to stimulate consumption of Indian cotton that the principle of protection to the Indian Textile Industry was accepted. The next essential step in the marketing of Indian cotton was improvement in qualities, and my Committee are glad to say that thanks to the laudable efforts of the Imperial Council of Agricultural Research and the Indian Central Cotton Committee, satisfactory progress has been made in this direction as will be evident from the fact that India has lately begun to produce in a progressively larger measure medium staple cotton, and also long staple cotton, e.g. Punjab-American 298 F of 1" to 1-1|32" staple length grown in the lower Bari Doab Canal Colony, and other improved varieties grown in Sind, etc.

The production of long staple cotton of 1" and over, is, however, very limited, being about 85,000 bales a year, and therefore, for purposes of the Mills which manufacture fine count cloth because of a very large margin of profit from such manufacture, India has to import at an average of 66,000 tons of long staple cotton per year from foreign countries at a cost roughly of Rs. 5 to 6 crores.

My Committee view with some concern the increasing number of Mills for the manufacture of fine count cloth inasmuch as it encourages import of foreign cotton. My Committee are strongly of opinion that such foreign imports specially at the present juncture of sudden and abnormal fall in prices are further depressing the prices to the serious detriment of cotton cultivation in India, particularly the cultivation of improved varieties. It is therefore that the urgent need is felt for safeguarding the cultivation of improved type and for avoiding the serious injury that would otherwise be done to the cotton cultivators. Apart from this, it is very natural that agriculturists would not be induced to grow improved types unless they are assured of better prices and a home market for such of their produce.

Long staple cotton is utilised to weave cloth of finer qualities worn by the upper and wealthier classes, who, in my Committee's opinion, can well afford to pay a higher price for their fineries, if for measures to improve the qualities of Indian cotton, Government take steps to prohibit or restrict importation of foreign cotton in India, by imposing prohibitive duty on such imports. The proceeds from such additional duty, the Committee would suggest, should be utilised for providing funds for research work for improving the existing medium length staples and introduction of long staple strains of cotton in cotton growing tracts in India as may be pronounced by competent authorities capable of achieving this end. Such a desirable course would at once have very healthy effects on the cotton trade and cultivation and would go a great way in raising Indian cotton in the estimation of the world, without in any way affecting the general Indian consumer.

In suggesting the imposition of prohibitive import duty on foreign cottons, the Committee of the Chamber are fully mindful of the increased competition that may be faced by fine Indian-made cloth from foreign manufactures. To avert this, the Committee would not hesitate to suggest that adequate additional duty be imposed also on such foreign imports and yarns, if necessary with a view to protecting the Indian Textile Industry. The Committee, surely, do not wish to suggest to penalise the indigenous industry in any manner by their abovementioned suggestion. The ultimate object in view of my Committee is that not only cultivation of long staple cotton in increasing quantities be encouraged, but also that Indian Mills should be enabled to manufacture fine count cloths for imports of which India has to pay to foreign countries huge sums of money at present.

In conclusion, I am directed to refer to the general complaint regarding excessive profits made by Indian Mills producing fine count goods. The Indian Textile Industry being a protected industry, the Committee would suggest that it is the duty of Government to see that the Mills do not make excessive profits at the cost of general consumers.

It is earnestly hoped that my Committee's above suggestions will be carefully considered, and that Government will be pleased to take immediate action as desired.

Thanking you in anticipation."

INDIAN COTTON TEXTILE INDUSTRY

Position during the Great War: On the eve of the Great War, India was recognised as the fourth greatest cotton manufacturing country of the world. Restriction of imports from the belligerent countries enabled the industry to make much headway during the war period, and for a time the industry experienced unprecedented prosperity, so much so that round about the closing years of the war the industry earned average profits of about 30 per cent.

Abolition of Excise Duty in 1926: But troubles were brewing ahead for the industry. The menace of foreign competition witnessed immediately after the Great War caused such a slump in the industry that it had to seek assistance from the Government. The assistance given in 1925 by suspension after considerable agitation by the Millowners, of the excise duty of 3½ per cent. *ad valorem* on all goods manufactured in Indian mills, from 1st October, 1925, and its total abolition in 1926 did not prove adequate. The Japanese were determined to make a bid for the Indian market, and so they reduced the prices of Japanese goods to the level of reduction effected in the price of Indian goods by the abolition of the excise duty. The Industry had therefore to seek help again from the Government.

The Board recommended a general increase in import duty as a measure of protection to the Industry, but the Government having opined that there was no case for same, took no action on the matter. This resulted in a country-wide agitation. Meanwhile, the Japanese competition became keener and keener. And at last to satisfy public opinion on the subject, the Government of India in August 1927 decided to levy a specific duty of 1½ annas per lb. on all imported yarn, unless the value was in excess of Rs. 1-14-0 in which case the duty was fixed at 5 per cent. *ad valorem*. This arrangement was to remain in force till 31st March 1930.

Statistical Progress of the Industry from 1926-27 to 1937-38: It would be of interest to sketch here the growth of the Indian Cotton Textile Industry from 1926-27 to 1937-38. The following table gives the annual production of yarn in Indian Mills from 1926-27 to 1936-37, and for the nine months ended December 1937 :—

Yarn spun in Indian Mills
(Millions of lbs.)

Counts	1926–27	1931–32	1932–33	1934–35	1936–37	1937–38
						Aprl.-Dec.
1 to 20	515.68	562.14	599.4	573.2	592.0	349.0
21 to 30	248.31	293.96	297.5	282.3	268.8	224.0
31 to 40	27.66	71.07	77.2	95.5	123.0	113.0
Above 40	11.53	34.00	6.6	43.9	61.8	...
Wastes	3.94	5.24	5.7	5.8	8.4	7.9
Total	807.12	966.41	1016.4	1000.7	1054.0	856.2

It will be seen that as compared with 1926-27, the figures for 1936-37 show increased production of nearly 247 million lbs. or just under 30 per cent. There has been only a slight increase in the production of yarns of counts 30s. and below, whereas in yarns of counts above 30s. The production increased from 38 million lbs. to about 184 million lbs. Indeed the increase in the production of finer counts of yarn is a noteworthy feature of the industry during all the years from 1926-27 to 1936-37. This shows that while the Indian Mills are increasingly taking to spinning finer counts of yarn, in the lower counts the position has remained more or less stationary during the period covered by the table. It will also be noted that the percentage increase of the total production of yarn in 1936-37 as compared with that of 1932-33 has been about 4 per cent. Whereas in counts above 30s. the increase has been nearly 80 per cent.

Number of people employed: The number of operatives employed daily on day shift working in the year 1937, was approximately 417,000 as against 418,000 in the year 1936.

Paid-up Capital: The total paid up capital of the Industry on the 31st August 1937 amounted to Rs. 39,82,00,000.

Prices

M. G. F. G. Broach (Bombay)
(per candy of 784 lbs.)

Month.	Highest Rs.	Lowest Rs.	Delivery
January ...	229	227	April-May 1937
February ...	227	220	Do.
March ...	245	233	Do.
April ...	250	225	Do.
May ...	239	231	Do.
June ...	240	225	July-August 1937
July ...	218	193	Do.
August ...	194	178	Do.
September ...	190	179	April-May 1938
October ...	168	161	Do.
November ...	164	155	Do.
December ...	172	163	Do.

Imports of Foreign Raw Cotton

Year.	Quantity in 000s of bales of 400 lbs.	Value in 000s of Rs.
1933-34 ...	240	35,570
1934-35 ...	339	52,838
1935-36 ...	429	67,385
1936-37 ...	365	58,467
1937-38 ...	755	1,21,332

It will be seen from the table that the import of foreign raw cotton in India last year was considerably higher as compared with the previous years. It has been repeatedly urged by the manufacturers in India that sufficient quantity of long-stapled cotton should be made available inside the country and that the future prosperity of the industry depends entirely on the supply of improved cotton forthcoming. Especially after the War, Indian mills are spinning higher than 39 counts and for this purpose they require long-stapled cotton.

The following table gives details of (i) Consumption of all kinds of cotton and of Indian cotton and (ii) receipts of Indian cotton and of foreign cotton at Indian mills during the five crop years ended 31st August 1936 :—

Cotton Consumption and Receipts at Indian Mills
(In thousands of bales of 400 lbs.)

Consumption—	1930–31	1931–32	1932–33	1933–34	1934–35	1935–36
All kinds ...	2,580	2,853	2,780	2,650	3,061	3,035
Indian cotton ...	2,269	2,346	2,361	2,336	2,612	2,677
Receipts—						
Indian Cotton	1,973	1,951	2,065	2,166	2,254	2,552
Foreign Cottons						
Americans ...	...	...	84	30	64	25
Egyptians ...	...	...	36	57	123	73
East Africans	...	...	184	191	212	217
Others ...	...	...	26	19	33	23
Total Foreign	273	461	330	297	432	358
Total Receipts	2,246	2,412	2,395	2,463	2,686	2,910

Indian Cotton Crop
(In 1000 bales of 400 lbs.)

	1930–31	1931–32	1932–33	1933–34	1934–35	1935–36
Total ...	5,226	4,007	4,657	5,108	4,858	5,933
Long Staple over 1 inch ...	12	8	11	24	51	85
Medium staple $\frac{7}{8}$ to 1 inch ...	1,213	1,298	1,336	1,341	1,204	1,742
Short Staple below $\frac{7}{8}$ inch...	4,001	2,701	3,310	3,743	3,603	4,106

Pointing out that the Indian Central Cotton Committee estimated the annual requirements of the Indian mills in short staple cotton below 7/8 inch. at about 1,100,000 bales, the Special Tariff Board in its Report (1936) observes that "this leaves a very large quantity of short staple available for expansion of the Indian spinning industry in counts of yarn up to 16s. warp or 20s. weft, pending which the Indian cotton growers must find outlets overseas for the great bulk of their short staple crop. Much of the medium and long staple cotton grown in India cannot be used for spinning yarns of finer counts. Of last season's crop of 1,142,000 bales medium staple, the Indian Central Cotton Committee estimated that about 550,000 bales were capable of spinning 24s. to 30s. warp, 427,000 bales 20s. to 24s. warp and 165,000 bales 16s. to 20s. warp only. About half the quantity, therefore, of medium staple (7/8 inch. to 1 inch.) grown in India is suitable for spinning 24s. warp and above, and a small part of this is exported. Of the remaining half suitable for spinning 16s. to 24s. warp, the bulk is Punjab-American 4F, the takings of which by Indian mills are limited partly on account of high transport charges. Of the long staple cotton (over 1 inch.) only two superior strains of Punjab-American and Sind-American are available in commercial quantities. They are suitable for spinning 30s. warp or 40s. weft, and, if grown on experimental farms up 45s. warp counts. Last year's forecast of these varieties was 51,000 bales and there are prospects of an increase in the area. Under this cotton in Sind resulting in the production of about 100,000 bales in the near future. Of the last season's commercial crop of 63,000 bales, 55,000 bales were taken by Indian mills and the rest exported. The Indian Central Cotton Committee indicates that the growing of high quality cottons having a staple of 1 1/8 inch or even 1¼ inch and capable of spinning up to 60s. warp is a practical proposition in certain areas in Sind."

During the year 1938 the Bengal Government has drawn up a scheme for the cultivation of long-stapled cotton in certain high-land areas in Bengal. The scheme envisages a total expenditure of Rs. 20,000 during the course of five years, the Bengal Millowners' Association and the Government of

Bengal sharing it equally. The scheme, it is understood, is only a preliminary experiment to establish the possibilities of introducing long-stapled cotton in Bengal and will be followed up by more expensive and thorough experiments under the direction of the Government in collaboration with the Indian Central Cotton Committee.

Cultivation of Cotton : The Indian Central Cotton Committee is continually investigating into the possibilities of growing cotton of long and medium staple in the present short staple cotton areas. While these investigations were undertaken primarily as a result of the threatened Japanese boycott of Indian Cotton in 1933 and the consequent growing apprehension of the serious risk India ran by depending too much on the limited market for her short staple cotton they have yielded information which will be of considerable value in framing the future cotton policy of the country in view of the World's present tendency towards the spinning of finer counts for which short staple cotton is unsuitable. This survey of the Indian Central Cotton Committee further brought to light the fact that apart from these areas which are suitable for the production of long or medium staple strains and where already the cultivation of such types was on hand, the adoption of dry-farming methods of cultivation in certain tracts would overcome the difficulties imposed on the growing of long and medium staple cotton by reason of the precarious rainfall of the tracts in question. (Vide Annual Report of the Indian Central Cotton Committee for the year ended 31st August 1936, published in 1937).

Thanks to the efforts of the Indian Central Cotton Committee, there has been a great increase in the growth of long-stapled cotton during the last few years. For instance, in the year 1933-34, India produced 24,000 bales of long-stapled cotton over 1", while in 1934-35, 51,000 bales, and in 1935-36, 85,000 bales were produced. Similarly there has also been an increase in the production of medium-stapled cotton 7/8" to 1" from 1193 thousand bales in 1934-35 to 1741 thousand bales in 1935-36.

Punjab Perturbed over Cotton Production

A great deal was said during the question hour to-day regarding the cotton position. Sardar Mangal Sing on behalf of the cotton-growers of the Punjab put a series of questions. There seems to be a strong feeling in portions of the agricultural provinces that the Government of India should take the executive action to raise the price of cotton and it is continually asked whether Government intends doing so, but the latter has not even got a case before it for examination. The Punjab is also very anxious about the cotton protocol of the Indo-Japanese Trade Agreement and, probably not unnaturally, feels that the present diminished consumption amounts to a breach of the terms. The Government's assurance that it was not so did not seem to satisfy the Punjab members. Another point on which the Punjab is anxious is that of the increasing imports of raw cotton into India. The reply that it is all of long-staple varieties that can be grown here does not appear to satisfy them entirely, and there is a feeling of suspicion in the agricultural districts that it is not so in every case.

India's Raw Cotton Trade: May 1938

During the month under review imports as well as exports of raw cotton into British India fell, as compared with the previous month. But, whereas the former was the highest for the month for the last three years, the latter was the lowest monthly quantity during the same period. In the two-month period of 1938 also, imports were highest and exports the lowest for the period during the last three years. As compared with 1936, imports have risen by nearly three times, attention to which has been drawn by a recent letter of the Buyers and Shippers' Association of Karachi to the Government of India asking the latter to examine the question of imports of foreign cotton. In this connection, in the course of Press interviews, the Secretaries of the Indian Central Cotton Committee and the Millowners' Association, Bombay, have stated that the overtaking in value of exports of Indian raw cotton by imports of foreign raw cotton into Bombay need not create any uneasiness so long as imported cotton is not below one inch in staple length.

Trend of Imports

Imports of raw cotton into British India amounted to 14,765 tons in May, 1938, which is 1,842 less than the quantity imported in the previous month, and were valued at Rs. 1,23,71,131 as compared with 10,263 tons valued at Rs. 95,58,914 in May 1937, and only 6,825 tons of the value of Rs. 60,61,691 in the same month of 1936. For the two months April and May 1938, the imports aggregated 31,372 tons valued at Rs. 2,63,42,281, which were the highest for the period both as regards quantity and value.

The largest quantity in May, and the two months April and May 1938, of the imports came from Kenya Colony. Egypt's share was the second highest for the month, but U.S.A. sent the second highest quantity in the last two-month period, and the sendings from this source would appear to be slowly, but perceptibly, increasing. As compared with 1937, Anglo-Egyptian Sudan sent less in 1938 both during the month as well as the two months under review. Out of the total 14,765 tons imported into British India, Bombay's share alone amounted to 14,059 tons.

Illustration of the Profits Fine Counts Mills Make

The recently-issued report of the Arvind Mills, Ahmedabad, is a record of remarkable progress, which explains why the company's Rs. 100 shares are sold at as high a price as Rs. 1,160. The dividend for 1937 at Rs. 25 per cent. therefore, yields a return of only slightly above 2 per cent. The shares, however, are hard to acquire. The total liability of the company is only Rs. 5¼ lakhs, and, as against this, block items alone aggregate over Rs. 56¼ lakhs, which, again, are covered against depreciation by nearly Rs. 14 lakhs. Reserve and other funds amount to about Rs. 10½ lakhs. Other sundry liabilities are slightly in excess of Rs. 45 lakhs. The liquid assets of the company, however, are small. But such need occasion little concern in regard to a company which is giving a return of about 10 per cent. on its working capital.

Letter No. 2658 dated 14th September 1938 from Chamber to the Hon. Secretary, Buyers & Shippers' Chamber, Karachi.

Your letter No. GC.1|159, of the 2nd instant, was considered by my Committee at their last meeting.

My Committee had opposed the levy of an import duty on cotton of half an anna per lb. when it was first introduced in 1931, as being a burden on the Textile industry. The matter however was considered in great detail last year in connection with the slump in prices of cotton, and I am sending to you herewith a copy of the views expressed by my Committee on that question in a letter addressed to the Government of Bombay. You will observe therefrom that they have recommended an increase in the import duty on cotton upto 15|16 inch staple. They have at the same time expressed themselves against any action in the nature of import duty or prohibition on the imports of higher staple cotton. It is their considered opinion that the Indian textile industry, if it is to compete successfully with finer products of foreign countries, should not be handicapped by any additional burden in the nature of a higher duty on staple cotton. Moreover, it is foreign cotton of short staple that competes with Indian cotton, and any action that may be considered necessary to protect the latter should be confined to such cotton from which it receives competition.

A copy of this letter is being forwarded to the Secretary, Federation of Indian Chambers of Commerce and Industry.

APPENDIX 65

Duty on Yarn and Cotton Piecegoods Imported into Egypt

Letter No. 1478 dated 16th May 1938 from Chamber to the Secretary to the Government of India, Commerce Department, Simla.

The attention of my Committee has been drawn to the recent increase in the import duties on cotton yarn and piecegoods effected by the Egyptian authorities. In this connec-

tion they have seen a copy of a representation No. 22010/126, dated 13th April 1938, submitted by the Millowners' Association, Bombay, to Government. My Committee agree with the Association that the said increase will affect adversely the exports of Indian cotton yarn and piecegoods to that country. The need for developing the export markets for the products of the Indian cotton textile industry has been recognised and any developments in such export markets, which would ultimately reduce or put handicaps on Indian exports, should be closely watched and the necessary action taken to prevent any such handicaps.

In the case of Egypt, however, there are further considerations of a special character which render it necessary that nothing should be done which would tend to reduce the volume of Indian exports in yarn and piecegoods to that country. Firstly, India is an important customer for Egyptian cotton and it is but appropriate to expect that no undue burdens are imposed on the imports into that country from India. Secondly, my Committee are informed that the type of cotton yarn and piecegoods generally exported to Egypt from India are not the same as are produced in that country. They understand that mostly yarn and cloth produced from short-staple cotton are sent to Egypt. Therefore, it cannot be said that Indian textiles in question are competing with the products of the textile industry of Egypt. Thirdly, the balance of trade between the two countries is highly in favour of Egypt, and it is, therefore, necessary that the balance is not made more adverse to India by action on the part of the Egyptian authorities restricting Indian imports into that country.

It must also be borne in mind that such restrictions will have a direct effect on the use of Indian cotton by the Mills in the country. As has been observed above, the cotton goods exported to Egypt consist chiefly of yarn and cloth produced from short staple Indian cotton. Any restrictions in the markets for such products are bound to be followed by a curtailment in the use of Indian cotton by the mills in the country. Developments in such a direction will accentuate the difficulties which have been recently experienced in the marketing of Indian cotton.

My Committee, therefore, submit that the Government of India should enter into negotiations with the Government of Egypt, with a view to getting the duties in question reduced. In this connection, they understand that the Government of the United Kingdom have already protested to the Egyptian Government against the increases in question and the Government of India should, if practicable, work in collaboration with the Government of the United Kingdom to secure a reduction in the duties.

APPENDIX 66

Import Duty on Liquid Chlorine

Letter No. 999 dated 25th March 1938 from Chamber to the Secretary to the Government of India, Commerce Department, New Delhi.

The attention of my Committee has been drawn to a letter, dated 3rd March 1938 addressed to Government by Messrs. Chavannes & Co. Ltd., Bombay, urging the abolition of the existing import duty on liquid chlorine. My Committee are opposed to this proposal. They feel that no case has been made out for the abolition of the duty. On the contrary, my Committee understand that efforts are being made to manufacture liquid chlorine within the country and that very shortly definite steps for the development of the industry in the country are to be taken by certain parties. In view, therefore, of the prospects for the manufacture of liquid chlorine in the country itself, my Committee are unable to agree to any suggestion for the removal of the duty, as such a step would be facilitating foreign competition to an Indian industry.

My Committee are also unable to accept the contention put forward by the said company in their letter that the presence of this duty has the effect of restricting the use of liquid chlorine. The main users are Municipalities and other public bodies for purposes of chlorinating water. My Committee are not aware of any complaint from such bodies about the

incidence of the duty in question. At any rate, it is difficult to establish that such a duty has tended to reduce the use of liquid chlorine. If the argument about restriction in consumption is to be made a ground for a claim for reduction in, or abolition of, import duty, the same can be said of all consumable articles on which such duties are levied and Customs duties as a revenue source of Government may have ultimately to be given up. My Committee submit, therefore, that even on the grounds advanced by the company in question, the request for the abolition of, or reduction in, the duty cannot be entertained.

Copy of Letter No. 151-T(1)/38 dated 26th July 1938 from the Secretary to the Government of India, Simla, to the Managing Director, Chavannes and Company, Bombay.

With reference to your letter, No. L. 6513, dated the 3rd March 1938, on the subject noted above, I am directed to say that the Government of India have given careful consideration to your representation but regret that they are unable to reduce the revenue duty on the articles in question.

APPENDIX 67

Removal of Import Duty on Raw Films and Cine Machinery

Letter No. 2882 dated 17th October 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

My Committee have seen and considered the representation addressed by the Indian Motion Picture Producers' Association, Bombay, to the Honourable the Finance Member, Government of India. My Committee are of opinion that the film producing industry is a new industry in this country. From the experience of the last few years it is found that there is a good deal of Indian talent for this new industry and that capital also is forthcoming for it. There is a large field for this work in the country and this industry will not

only be a new industry engaging thousands of people as well as large amount of capital but will also be a great factor in the educational and social advancement of the people. There will be several other industries which will receive impetus from this industry. Under all these circumstances, my Committee feel that Government will be greatly helping the film industry, if they remove the duty on the import of raw films. We hope and trust that Government will be pleased to do so in the interests of this new industry.

APPENDIX 68

Import Duty on Wheat

Telegram dated 8th December 1938 from Chamber to the Secretary to the Government of India, Commerce Department, New Delhi.

'Reference Bill by Honourable Commerce Member in Assembly imposing for period extending upto 31st March, 1940, duty of Rupee one, annas eight per cwt. on wheat and wheat flour imported into India, Committee Indian Merchants' Chamber while approving of the principle underlying the Bill, presume that same exemption from duty on wheat contracted before date of Bill as obtained in the Wheat Import Duty Act, 1931, is provided for. If this provision is not made in Bill, sudden imposition will entail unjustifiable loss on bona fide transactions prior to date of Bill and new undesirable departure would be created. Kindly reply.

APPENDIX 69

Revision of the List of Articles specified in the Sea-borne Trade Returns

Letter No. 16779 dated 12th November 1937 from the Director-General of Commercial Intelligence & Statistics, to Chamber.

I have the honour to say that the annual revision of the list of articles specified in the Sea-Borne Trade Returns of

British India is now under consideration in this Department. I shall be glad to receive suggestions regarding any additional items the separate specification of which in the trade returns would in the opinion of your Chamber appear to be indispensable.

I shall be much obliged if your suggestions are communicated to this Department at an early date.

Letter No. 3538 dated 23rd December 1937 from Chamber to the Director-General of Commercial Intelligence & Statistics.

With reference to your letter No. 16779, dated 12th November, 1937, my Committee recommend that the following items should be separately classified in the Trade Returns :—

(1) Healds and Reeds, and

(2) Flashlight Batteries and Flashlights.

With regard to healds and reeds, my Committee had first represented in the matter in the year 1932. They pressed their suggestion again in 1933 and, when the same was not accepted, had represented in the matter in 1934 to the Government of India, Commerce Department. They also repeated this request at the interview they had with the Commerce Secretary in July 1934. As my Committee have already pointed out, items like French-chalk, horns, horn-tips and pieces, lac-shell and buttons etc., the imports of which are very little, are separately mentioned in the Returns. My Committee are, therefore, unable to appreciate the continued reluctance of your Department to accept their suggestion in this matter.

My Committee hope that the matter will be reconsidered and from the next year orders will be passed for the separate specification of healds and reeds in the Returns.

Letter No. 7006-Q dated 5th May 1938 from Director-General of Commercial Intelligence & Statistics, to Chamber.

With reference to the correspondence resting with your letter No. 3538 dated the 23rd December 1937 on the above

subject I have the honour to enclose, for the information of your Chamber, a statement* showing the changes to be introduced in the foreign sea-borne import, export and re-export trade returns of British India with effect from April 1938.

2. As regards your suggestion for separate specification of flashlight batteries, I may point out that the heading 'Batteries' is now sub-divided into '(1) For flash lamps' and '(2) Others.' I shall be glad to have a detailed list of items that should be classified under the heading 'flash lights' which has also been suggested for separate specification in the trade returns of British India.

3. I may add that the suggestion for separate specification of healds and reeds in the trade returns was duly considered in 1934 from the point of view of the trade in these articles. It is understood that there has been practically no change in the position since then.

Letter No. 1564 dated 25th May 1938 from Chamber to the Director-General of Commercial Intelligence & Statistics.

I am directed to refer to para two of your letter No. 7006-Q of the 5th instant and in reply to say that flashlights used with batteries be separated from flashlights of other description and further that batteries and flashlights both should be separately classified in value and quantity with particulars regarding the share of the different countries.

My Committee hope that the above information will be included at the time of the next revision of the list of articles specified in the sea-borne trade returns of British India.

Letter No. 17416-Q dated 11th November 1938 from Director-General of Commercial Intelligence & Statistics to Chamber.

I have the honour to say that the annual revision of the list of articles specified in the Sea-borne trade returns of British India is now under consideration in this Department. In view of the present financial emergency it is not desired to increase the number of items now shown therein, as this would involve some additional work both in this Department

* Not printed.

as well as in the Custom Houses. I shall, however, be glad to have the opinion of your Chamber in case there are any articles which require special treatment.

2. It is requested that your suggestions, if any, may kindly be communicated to this Department at an early date.

Letter No. 3245 dated 23rd November 1938 from Chamber to the Director-General of Commercial Intelligence & Statistics.

I am directed to acknowledge receipt of your letter No. 17416-Q of the 11th instant and in reply to point out that my Committee have in previous years been regularly making suggestions regarding articles which in their opinion required to be specifically mentioned in the Sea-borne Trade returns of British India. Unfortunately none of the suggestions appear to have been accepted. My Committee are disappointed that considered views expressed regarding the needs and requirements of the commercial community have not received the attention they deserve. Suggestions, after all, were made with a view to make the information presented by the publication more useful to the commercial community. If economy in expenditure was the main reason which militated against the acceptance of such suggestions, as pointed out by my Committee in previous years, the returns in question include particulars of less important articles.

My Committee do not wish at this stage to make any additional suggestions but wish to reiterate the case for separate classifications of the following items referred to in their last representation, namely :

(1) Healds and Reeds,

(2) Flash light batteries, and

(3) Flash lights.

There are also cases of various other articles submitted by my Committee in previous years. My Committee request that these suggestions may be reconsidered and arrangements be made for their separate inclusion in the returns from next year.

APPENDIX 70

Town Duty on Tea

(Refer previous correspondence on page 333 of the Annual Report for the year 1937.)

APPENDIX 71

Town Duty on Plywood

Letter No. 1333 dated 28th April 1938 from Chamber to the Municipal Commissioner, Bombay.

My Committee have received a communication from a merchant drawing their attention to the judgment given in January last by the Hon'ble the Chief Justice and Justice Wasudeo of the Bombay High Court in an appeal on the question of licence fees levied by the Bombay Municipality on plywood. The Hon'ble Judges held that plywood was not timber. The communication in question, however, points out that even after the above decision which held that plywood did not come within the definition of timber, the Municipality is continuing to recover Town duty on plywood. The Municipal Act provides for the levy of a Town duty on "timber" and in the light of the above judgment timber does not include plywood. My Committee would, therefore, like to know the exact position in regard to this matter, particularly whether as a result of the judgment in question the Municipality has examined its position in regard to the right of levying Town duty on plywood and whether it considers its action in continuing the recovery of the duty justified. The above information is requested at an early date so as to enable my Committee to consider the communication they have received.

Letter No. TD/2402/SR dated 11th May 1938 from the Municipal Commissioner, Bombay to Chamber.

"With reference to your letter dated 28th April 1938 on the above subject, I have the honour to state that orders have already been issued to the collecting agencies to discontinue levy of town duty on plywood in accordance with the recent

High Court's decision that plywood is not timber. It has also been decided to refund the duty recovered on this article from 20-1-1938 the date on which the decision in question was given. The levy of duty could not be discontinued immediately after the judgment as the Municipality had to examine its position in that respect."

Letter No. 1580 dated 26th May 1938 from Chamber to the Municipal Commissioner, Bombay.

I am directed to acknowledge the receipt of your letter of the 11th instant, No. TD|2402|SR. While my Committee appreciate that you have decided to refund the duty recovered on plywood as from 20th January 1938, the date on which the High Court decision in question was given, they fail to understand, why refund should be given only from that date. The judgment in question held that the term "timber" did not include plywood. The Municipal Act authorised the levy of town duty only on timber, and, as plywood was not timber, any duty paid or collected on the same, was a collection wrongfully made and without proper consideration. Under the circumstances, my Committee feel that it is not fair to the merchants engaged in this trade that refund should be given to them only from the date of the High Court decision. My Committee, therefore, beg to recommend that the refund should be given in respect of all payments of duty, other than those barred by the law of limitation.

Letter No. TD/2402/SR dated 29th June 1938 from the Municipal Commissioner, Bombay.

With reference to your letter No. 1580 dated the 26th May 1938 regarding refund of town duty on plywood which is not barred by limitation, on the ground that the duty was collected wrongfully, I have the honour to state that duty was correctly recovered upto 19-1-'38 since the Chief Judge, Small Causes Court had held that the term 'Timber' included plywood. Refund of town duty prior to 20-1-'38, the date on which the High Court decision on the question was given, is therefore correctly refused. Moreover no appeal was filed before the Chief Judge, Small Causes Court within 15 days

after the payment of duty as required under Section 217 (2) (a) of the Bombay Municipal Act. Refund is however allowed from 20-1-'38 the date on which the decision of the Chief Judge, Small Causes Court can be considered to have been affected by the High Court decision.

APPENDIX 72

Proposed Municipal Duty on Tinned Provisions

Letter No. 2741 dated 24th September 1938 from Chamber to the Secretary, Department of Local Self-Government of Bombay.

I am directed by the Committee of this Chamber to draw the attention of the Government of Bombay to the proposed levy of town duty by the Bombay Municipality on all tinned, bottled and similarly packed provisions of oilmanstores imported into Bombay at the flat rate of anna one per pound (lb.).

My Committee beg to request Government to be pleased, in this connection, to look to the other side of the question also. While the Municipality expects a revenue of about 3 lakhs from this source, it is doubtful if this revenue will be realised. The incidence of taxation on these tinned and bottled provisions will be very great and the difficulty will be enhanced for the trade by the practical impossibility of getting refund of the town duty. The merchants engaged in the trade will have to pay the town duty on these goods on the packages they order out. These merchants, however, have to send out the goods to the mofussil under invoices and they naturally will not be able to get a refund on separate tins or bottles of different provisions sent out in reply to such orders. This will mean that the whole duty will have to be paid by the Bombay traders. It will lead naturally to the diversion of trade from Bombay, and even shops in the suburbs and adjoining places will be able to sell the goods at a much cheaper rate than the shops in Bombay. My Committee place these facts before Government for their consi-

deration before they come to any decision. The proposed duty, it is apprehended, will thus lead to diversion of trade to penalising of Bombay businessmen and it is doubtful whether the object of the Municipal Corporation of getting an additional revenue will be served, as we do not know on what information they have based their estimates of income out of this sort of town duty, especially when no authentic figures of local consumption and retail export from the City of these articles are available anywhere.

APPENDIX 73

Amendment of Town Duty Refund Rules

(Refer previous correspondence on page 374 of the Annual Report for the year 1937.)

Letter No. 8418-11/4 dated 17th May 1938.

With reference to your letter No. 3486, dated the 20th December 1937, suggesting the amendment of rule 13 (2) of the Bombay Municipality's Town Duty Refund Rules, I am directed to say that after careful enquiry, Government find that Rule 19 (2) which provides that if the difference between the weight of quantity certified on export and that declared by the exporter is more than 10 per cent. it shall constitute a material discrepancy, is a sufficient safeguard for honest trade. Moreover, in actual practice, the claims rejected on account of discrepancies have been negligible, being only .007 per cent. of the total during the last five years. In the circumstances Government consider that it is unnecessary to change the Rules on account of a few solitary cases.

III.—TRADE, INDUSTRIAL AND LABOUR LEGISLATION

APPENDIX 74

Bombay Moneylenders Bill

Letter No. 9710/3-B dated 11th February 1938 from the Secretary to the Government of Bombay, Home Department, to Chamber.

I am directed to forward herewith a copy of a Bill* to regulate the transactions of moneylending in the Province of Bombay which has been introduced in the Bombay Legislative Assembly and referred to a Select Committee and to request you to favour Government with the opinion of the Indian Merchants' Chamber, Bombay,..... on the Bill before the 28th February 1938.

Letter No. 885 dated 18th March 1938 from Chamber to the Secretary, Government of Bombay, Home Department.

I am directed to send hereby the views of the Committee of this Chamber in response to your letter of the 25th February 1938 No. 9710-3-B.

With regard to this Bill, as with regard to others, I am desired by my Committee to bring to the notice of Government the great necessity for giving sufficient time to the public bodies for consideration of such important measures. Barely one or two weeks' time is given for consideration of such measures at present, which is quite insufficient. For instance, this Bill to regulate the profession of moneylenders affects not only the interests of moneylenders as such, but reacts on trade, commerce and industry and agriculture.

This question has been examined in all its bearings by several Commissions, among them being the Banking Enquiry Committee, both Central and Provincial, and the Royal Commisison on Agriculture. Referring to the part played

* Not printed.

by the moneylender the Royal Commission on Agriculture observed as under :—

> "In the present state of India, he (moneylender) is a necessity and, that being so, his calling will not be abolished by making it illegal. He alone is in a position to provide the bulk of the capital required for current agricultural needs and, on a recurrence of severe distress, he will continue, as in the past, to support the people by time loans. If he is ever driven from the land, it will not be by legislation but by the growth of the co-operative movement and, more specially, by the habits of thrift inculcated by that movement."

Again, the Central Banking Committee, after discussing the *pros* and *cons* of the various suggestions designed to regulate the business of moneylending, made the following proposals :—

"The main objectives of the proposal to introduce a system of licensing moneylenders are two : to reduce the high rates of interest charged by them and to control, and to remove the dishonest practices among certain members of their class. As regards the question of interest, we have already referred to the monopolistic position of the moneylender in large areas and to the various other factors such as risk and the expenses of collection that contribute to the present high interest rates. In our opinion, a real and lasting solution can only be found by the spread of education, the extension of co-operative and joint stock banking and by the training of the borrower in habits of thrift and saving. Meanwhile we feel that if the Usurious Loans Act can be more fully utilized and if the measures we recommend are carried out, we shall have done all that is desirable and practicable in the present circumstances in regard to this matter. As regards the second objective, namely, to stop the fraudulent practices of the moneylending class, we have already made a recommendation that the enactment of the provisions of the Punjab Regulation of Accounts Act might be considered by other Provincial Governments.

"We hope that if similar legislation were introduced and worked successfully in other provinces, many of the complaints against the moneylenders such as manipulation of accounts, insertion in written documents of sums in excess of the actual money lent, and taking of thumb impression on blank paper and insertion of arbitrary amounts later, would soon disappear. We further consider that the periodical receipt of statements of debt and interest due would in a sense begin the financial education of the agriculturist who is imprudent borrower. He will learn, sooner or later, to scrutinize the account, to realise the advantages of prompt repayment and the necessity of reducing expenditure to be able to meet the demands of his creditors and last but not least, to save against a rainy day and avoid getting deeper into debt in a hopeless spirit of fatalism when bad times overtake him. We are therefore not in favour of the proposal to introduce a system of licensing moneylenders, either compulsory or voluntary."

While generally agreeing with all that is said above, my Committee feel that there is an useful scope for some legislation to regulate the activities of moneylenders, so that a check may be placed upon their rapacious tendencies vis-a-vis the poor agriculturists, labourers and others who are obliged to have recourse to borrowing for purposes of their pursuits and vocations. It is however necessary to restrict the scope of such legislative enactments to the type of moneylenders who have proved themselves obnoxious and whose activities can by no stretch of imagination be called either peaceful or legitimate. At the same time, it is very necessary that a full and mature consideration should be given by various commercial interests concerned to any such measure that may be brought forward in order that no ill-digested and immature enactments may be placed on the statute-book, harming the interest of the community.

The salient features of the Bill in question are as follows:

(1) Annual registration and licensing of moneylenders.

(2) Regulation of Accounts.

(3) Limitation of rates of interest.

(4) Re-opening of settled accounts.

(5) Penalising molestation of debtors.

With regard to No. 1, my Committee cannot accept the principle of registration and licensing of moneylenders, unless certain exceptions which are vitally essential are incorporated in the Bill. Before they proceed to deal with these exceptions my Committee may be allowed to have a few preliminary observations with regard to the place moneylenders or Sowcars as they are called are occupying in the economy of this country. Thousands of villages in this country have got their own moneylenders who and their ancestors have been there practically since times immemorial and who have been practically the mainstay of agriculturists and village industries, they being the only credit institutions available. It has been said that despite so many tidal waves of foreign invasions and so many changes in the internal Government and administration of the country, practically the rural side has continued to be what it was, and this is largely due to the influence of the Sowcars, who are called moneylenders. The Co-operative Credit Societies in this country have touched but a fringe of the problem of rural indebtedness, which is said to be about Rs. 1000|- crores for the whole country. There are no agricultural banks; nor have the other ordinary banks or even the Imperial Bank of India tried to help the agriculturists who are thus left to the only recourse of getting their help and advances from Sowcars. It is these Sowcars, who realise the real conditions of life and always come to the help of the agriculturists in times of adversity, in times of agricultural seasons, and in times of social engagements, whether marriage or death. Unfortunately, however, there is a section among these moneylenders, who have been guilty of certain excesses and who have oppressed the debtors by all sorts of malpractices like taking double bonds, receiving interests in advance, charging interest at 100 and 150 per cent per annum, keeping double sets of accounts, and using violence for realising their dues. It is for such moneylenders that legislative measures like the Usurious Loans Act, 1918, and the Deccan Agriculturists Relief Act

have had to be placed on the statute-book. Debtors have also got some sort of relief as the result of the recent amendment of the Civil Procedure Code affording them immunity from arrest and imprisonment unless it is proved that the debtor has got sufficient property to satisfy the debt, as also from the provision making salaries below Rs. 100 per mensem non-attachable. There are also further provisions whereby a debtor who is unable to pay his debt may apply himself to be adjudged insolvent. Such provisions do give some protection to debtors in general and agriculturists and labourers in particular against malpractices of moneylenders. At the same time, all these legislative enactments and all these various legal provisions do, not, my Committee agree with Government, give that immunity and protection which the debtors as a class, and particularly agriculturists and labouring classes are in need of. The Bill in question is based on the fundamental idea of registration and licensing of moneylenders, and my Committee are of opinion that, if it is hedged round with certain limitations and exceptions of the nature described and detailed below, the principal object Government as well as the business community have at heart, can be achieved without injuring the class of moneylenders as a whole, whom Government, my Committee are sure, do not want to harm.

While appreciating the efforts of Government towards the class of debtors referred to above, my Committee feel sure that Government constituted as they are, will safeguard the interests of *bona fide* moneylenders or Sowcars as they may be called, specially as they are the prop and pillar of the indigenous credit system.

The exceptions, limitations and safeguards, which my Committee have in view, are that the following classes should not be included in the definition of moneylenders:

Persons (which include individuals, firms and societies and companies) *bona fide* carrying on the business of *Bankers* or *Shroffs* or *Insurance* or *bona fide* carrying on any business *not having for their primary object the lending of money in the course of which and for the purpose whereof they lend money.*

As regards the above, my Committee strongly and emphatically urge that the following classes of persons should be exempted from the definition of moneylenders under the provisions of the Bill:—

(*a*) Commission Agents or Adatyas, who purchase and sell goods on behalf of their upcountry constituents and who in the course of such business lend money either on credit or against the goods or against documents of title for commodities such as cotton, seeds, etc., stored in their godowns.

(*b*) Owners of Lessees of Ginning and Pressing Factories, who in the course of their business lend money against cotton sent to them for ginning and/or pressing.

(*c*) Retail dealers in grain and other goods who, as Government are aware, are in the habit of giving grain to labourers on a month or two months' credit and also pay cash Rs. 2 or 5 to each labourer to enable him to buy vegetables, oil, etc.

(*d*) (*i*) *Banks*—Banks registered under the Indian Companies' Act are never considered in the light of rapacious moneylenders and are fulfilling a particular place in the world of trade and industries. There is no danger to apprehend from these institutions, on the contrary, if they are also included in the term moneylenders to whom the proposed Bill should apply, it will subject them to a good deal of inconvenience which may act as a handicap against the progress and development of banking in the country.

(*ii*) *Shroffs*—are indigenous bankers who have been rendering immense service in the cause of urban and rural economy and should not be brought under the Bill.

(*e*) Insurance companies are giving loans in the ordinary course of their business and if any handicap is placed upon this the very fundamental idea

of insurance business will suffer. The Insurance companies, should, therefore, be free to advance loans to their policy-holders and should be exempted from the operation of this Bill. The Insurance companies are advancing also a good deal of money on the security of mortgages and such transactions also should be exempted from this Bill.

My Committee may draw the attention of Government to the fact that under the English Moneylenders' Act, several of the above classes are exempted and they feel that any bill aiming at the regulation of moneylenders should not be stricter than the English law on the subject.

My Committee now propose to deal with the important clauses of the Bill seriatim :

Clause 1 (3): My Committee feel that least six months' time should be given to moneylenders before the Act comes into operation.

Clause 2 (9) (a): After the word 'societies' add the words: "or with a Shroff".

Clause 2 (10): My Committee have given certain exceptions above and the definition of moneylenders should, therefore, be modified consequentially accordingly. Thus, Banks, Insurance Companies, Shroffs, Commission Agents and Adatyas, or Lessees of Ginning and Pressing Factories, retail grain dealers, etc. should not be included within the definition of moneylenders.

Clause 2 (11): My Committee are of opinion that the term moneylending business should be defined as *business of advancing loans solely.*

Clause 3: In regard to this there appears to my Committee some conflict in the matter of jurisdiction as between the Small Causes Court and the High Court. They are drawing attention to this, so that the same may be looked into and remedied.

Clause 8: This clause as drafted restricts the area of the activities of the moneylenders. My Committee see no need for such a restriction and therefore submit that the clause should only read as follows :

> "No moneylender shall carry on the business of moneylending without a licence."

Clause 9 (1): In regard to the annual renewal of licences, the clause as drafted contemplates a fresh application every year with all the prescribed particulars. My Committee fear that the imposition of such avoidable formalities will cause inconvenience. They therefore suggest that when once a moneylender has been given a licence the renewal should be made in the ordinary course after recovering the renewal fee, and the formality of a fresh application for the purpose should be dispensed with.

Clause 9 (1) (f): My Committee submit that moneylenders should not be required to disclose the amount of capital invested or to be invested in the business.

Clause 16 (1): Any person making such an application should be required to deposit at least a sum of Rs. 100/- before the application is entertained.

Clause 22 (2): In this sub-clause after the word "maturity" in line 5 thereof, the following words be added, viz. "in the case of loans payable on a certain date". This is necessary to secure that the accounts should contain particulars about maturity in respect of 'time loans' only.

Clause 23 (1): A moneylender shall be deemed to have complied with the provisions of this sub-clause if he has furnished particulars of the account at the last-known address of the debtor, under a Certificate of Posting.

Clause 23 (2): Under this sub-clause it should be provided that the statement shall be supplied by the moneylender, either in the language in which he keeps his accounts or in the English language at the option of the borrower, the fee therefor to be Rs. 2 in either case.

Clause 29: My Committee feel that the maximum rate of interest fixed for secured and unsecured loans is too low. In

their opinion, the rates of interest for secured loans should not exceed 12 per cent and for unsecured loans not exceed 18 per cent. My Committee believe that if the Clause is allowed to pass into law as drafted, it will be difficult for persons in indigent circumstances to obtain loans in case of necessity.

Clause 30: My Committee are opposed to the provision in this clause. The same will upset the system of accounting in vogue. Clause 27 affords sufficient protection to the debtor, and my Committee, therefore, suggest that clause 30 be omitted.

Clause 31: My Committee feel that Government, in making the exceptions, have not taken into consideration the professional costs, charges and expenses of legal advisers such as Pleaders, Advocates, Solicitors or Counsel in drawing up the Assurances and Deeds and having the same engrossed. My Committee, therefore, urge on Government that professional costs incurred by parties in the matter of secured loans should also be excepted and not merely out of pocket expenses. Similarly, incidental expenses such as godown rent, insurance, salary of watchman, etc. should also be allowed.

Clause 34: The word "shall" in the second line of the clause be substituted by the word "may". The Court should have the discretion to decide whether particular transactions should be re-opened.

Clause 37: Between the words "time" and "for" in line 7 of the clause, the words "if fixed" be inserted, as there can be loans without any specified date of maturity.

Schedule.—My Committee submit that a flat rate of not more than, say, Rs. 10|- per year should be levied as licensing fee, as such a fee should not be in the nature of a tax on trade or calling.

In conclusion, my Committee hope that Government will be pleased to consider the suggestion of my Committee favourably and will not introduce the principle of registration and licensing of moneylenders, unless the same is hedged round with the limitations and exceptions my Committee have recommended above.

APPENDIX 75

Forward Trading and Provisions of the Bombay Securities Contracts Control Act and Cotton Contract Act

Letter No. 2902-D dated 3rd May from the Secretary, Finance Department, Government of Bombay, to Chamber.

"The Government of Bombay have recently given close attention to a study of forward trading in this province both in stocks and shares and in commodities generally. This examination has revealed that the existing position is unsatisfactory and that, if Government are to exercise effective control over forward trading in the interests of the public, it may become necessary for them to amend the law.

The law applicable to contracts for the purchase and sale of stocks and shares is the Bombay Securities Contracts Control Act, 1925 (Bombay Act VIII of 1925). Section 6 of this Act is as follows:—

> "6. Every contract for the purchase or sale of securities, other than a ready delivery contract, entered into after a date to be notified in this behalf by the Governor in Council shall be void, unless the same is made subject to and in accordance with the rules duly sanctioned under section 5 and every such contract shall be void unless the same is made between members or through a member of a recognised stock-exchange; and no claim shall be allowed in any Civil Court for the recovery of any commission, brokerage, fee or reward in respect of any such contract."

It will be observed that under this section contracts entered into in violation of the Act and the rules made thereunder are only void but not illegal. This penalty has unfortunately proved quite ineffective. In their representation to the Stock Exchange Enquiry Committee last year the Native Share & Stock Brokers Association stated as follows:—

> "As a matter of fact, the present Act is in practice entirely ineffective for controlling or regulating the

> contracts for forward delivery, as there is no penalty for violation, except that such contracts are void, which is of little or no consideration to parties making such contracts."

"As the Act stands at present, a violation of any rule makes the contract for forward delivery *invalid* and not *illegal*. The Act does not prohibit the making of such a contract. Those who gamble or encourage others to gamble do not require the protection of the Civil Courts. Besides, disputes as regards contracts very rarely arise. The Act, therefore, can be disregarded and is really set aside often by the public and even by banks." The Association suggested for the consideraction of the Committee that wilful violation of the rules both by members and non-members should be made an offence as in the U. S. A. under Section 32 of the United States Securities Exchange Act of 1934. This section authorises the levy of a fine not exceeding $10,000 or imprisonment not exceeding 2 years or both, except that when the accused is an Exchange the fine may amount to $500,000.

The question whether the Bombay Securities Contracts Control Act should be amended on the lines suggested by the Association has assumed added importance at present on account of the fact that there is strong pressure on Government to take steps rigidly to enforce the rules of the Stock Brokers Association and in particular rules re: a system of margins. The experience of the last few years suggests that rules will prove difficult to enforce if the penalty for non-compliance is merely that contracts are void in law. It has been argued from this that forward trading in stocks and shares should be made illegal except when made through recognised associations and the view has been urged that any wilful violation of the rules of such associations should be made punishable with fine and|or imprisonment. Such an enactment should apply to the whole province if it is to have any chance of success. It is of course not a necessary implication that a close monoply should be created. In fact Government will have to make sure

that there is a fair field for all persons who may properly follow the profession of stock-broking. But once it is decided which association or associations should be recognised, it has been argued, the penalty of illegality as opposed to mere voidability of contracts should be invoked. I am directed to enquire whether your Association has any comment to offer on this point.

The position re: commodity markets is as follows: Markets other than the Cotton Market are entirely unregulated. The Cotton Market is regulated under the Bombay Cotton Contracts Act (Act IV of 1932). Section 8 of this Act is as follows:—

> "8. (1) Save as hereinafter provided in this Act, any contract (whether either party thereto is a member of a recognised cotton association or not) which is entered into after the date on which this Act comes into operation and which is not in accordance with the by-laws of any recognised cotton Association shall be void."
>
> "(2) No claim shall be allowed in any Court for the recovery of any commission, brokerage, fee or reward in respect of any such contract."

As in the case of the Stock Market the penalty of mere voidability attached to contracts made in contravention of the Act and the rules thereunder has been quite ineffective in the cotton market. At present there is only one recognised association, namely the East India Cotton Association and trading in this Association is subject to rules approved by Government. At the same time there are other Associations which also claim to deal in cotton and in at least one of which a considerable amount of speculative business takes place. These associations are not subject to the control of Government and the voidability of contracts is not a sufficiently strong penalty to make it a matter of urgency for these associations to apply to Government for recognition. The position, therefore, is that while the recognised Association is subject to rules sanctioned by Government there are other associations which are left entirely unregulated, and Government have really no effective

control over forward trading in Bombay. They are at present considering the question whether it would not be possible to get the two main cotton associations merged into each other, but that offers no final solution of the problem, for at any moment it is possible that any association might spring up purporting to deal in cotton and doing so in a manner prejudicial to public interests. The question, therefore, arises whether Government should not arm themselves with power to prosecute persons for forward dealing in cotton except through a recognised association and for violating the rules of a recognised Association. As stated in para 2 re: stock markets, if this view is to be accepted government will of course have to make sure in the first instance that everyone who may properly follow the profession of a commodity broker has a chance to do so.

This is not the first time the question has been considered. Bill No. XX of 1931 contained the following provision:—

"(1) No forward contract shall, after the date on which this Act comes into force, be entered into except by or through the agency of a member of the association.

(2) Any such contract entered into after the date aforesaid which contravenes the provisions of sub-section (1) shall be void and any person entering into such contract shall upon conviction be liable for each such offence to a fine not exceeding one thousand rupees."

This bill was, however, thrown out by the Legislative Council on the first reading. In 1936 Sardar Bhimbhai Naik introduced a private bill with the object of making contracts other than those made under the rules of the East India Cotton Association a criminal offence. This bill was withdrawn by the member. It has been represented to Government that sooner or later it may be necessary for them to amend the Cotton Contracts Act and of course any other Act or Acts that may be passed for controlling trading in other commodities so as to make illegal contracts made except through recognised associations and in accordance with the rules of these

associations. It is necessary, however, for the success of such a measure that there must be a wide measure of public support. Before deciding their policy in respect of these questions, Government desire to ascertain the views of the public, more especially those of commercial associations, on these and cognate questions. I am therefore directed to request that the views of your Association on this subject may be communicated to Government if possible by the end of June."

Letter No. 1699 dated 8th June 1938 from Chamber to the Secretary to the Government of Bombay, Finance Department.

The Committee of the Indian Merchants' Chamber have considered your letter dated 3rd May 1938, No. 2902-D, on the above subject, and have directed me to send to you hereby their views on the questions raised therein.

2. My Committee do not favour, as a normal matter, any control or interference by Government with trade or industry beyond what is demonstrably required in the interests of the community as a whole or beyond the point which a trade or industry in itself requests Government to go.

3. From your letter under reply, it appears that the opinion of my Committee is sought on the following questions:—

(*a*) amendment of the law relating to forward trading in stocks, shares and securities in the Presidency of Bombay;

(*b*) amendment of the law relating to forward trading in cotton in the Presidency of Bombay;

(*c*) amending the law so as to make certain forward contracts in stocks, shares and securities and cotton illegal, instead of void; and

(*d*) enacting new legislation enabling Government to assume control of forward trading in other commodities.

4. It will be convenient to deal with the second question, viz., amendment of the law relating to forward trading in

cotton in the Presidency, first. On this subject, my Committee had addressed a letter to the Government of Bombay on 3rd August 1932, in which they had expressed the opinion that power to control forward trading in cotton should be vested only in one properly constituted Association for the same. My Committee reiterate that it is desirable that in the matter of forward trading in cotton there should be unitary control, that is to say, control by one organisation only, wherein there is or should exist a fair field for all persons who desire *bona fide* and properly to follow the profession of forward trading in cotton. Having regard to the fact that in the City of Bombay, there are at present two organised Associations, viz., the East India Cotton Association (recognised by Government) and Shri Mahajan Association, interested in forward trading in cotton, it is upto Government to take steps, in order to carry out their primary intention of regulating forward trading in cotton, so that both these Associations should amalgamate into one organisation of the type mentioned above, either by agreement between the two Associations, or, in default of such agreement, by the decision of an arbitration Tribunal to be appointed by Government.

5. There are advantages to the producer as also to the buyer in having a properly organised market for forward dealings; but these advantages are prone to go on diminishing even to the vanishing point, if there are serious defects in the organisation of the market concerned and the administration thereof.

6. With regard to the first question, viz. amendment of the law relating to forward trading in stocks, shares and securities in the Presidency of Bombay, my Committee beg to refer to their observations, on Rule 7 A of the proposed rules and regulations of the Native Share and Stock Brokers' Association, made in their representation dated 27th April, 1938. My Committee feel that the restriction embodied in the Rule in question has kept out of the Stock Exchange persons who are actively engaged in the business of stocks and shares on a large scale, among other businesses, and whose direct association with the Stock Exchange would be a source of strength.

It is a matter of common knowledge that a number of merchants and firms of reputable and financial standing have been kept out from membership of the Stock Exchange. My Committee have reason to believe that on account of the restrictive provisions in question, great dissatisfaction prevails among merchants of financial standing who want *bona fide* to follow the profession of stock broking, and, as a result thereof, a new association, viz. the Indian Stock Exchange, Ltd., has been formed some months ago with the object of dealing in stocks, shares and securities. My Committee feel that, while such a restrictive rule continues to remain in force, it will be difficult for Government to resist the claims of the Indian Stock Exchange, Ltd., or any other Association for recognition under the Bombay Securities Contracts Control Act. They have, therefore, come to the conclusion that it is desirable that in the matter of forward trading in stocks, shares and securities also there should be unitary control, that is to say, control by one organisation only, wherein there is or should exist a fair field for all persons, who desire *bona fide* and properly to follow the profession of stock broking. Having regard to the fact that in the City of Bombay there are at present two organised Associations, viz. the Native Share and Stock Brokers' Association (recognised by Government) and the Indian Stock Exchange, Ltd. (the latter having already applied for recognition), interested in forward trading, it is upto Government to take steps, in order to carry out their primary intention, so that both these Associations should amalgamate into one Association of the type mentioned above, either by agreement between the two Associations, or, in default, by the decision of an arbitration tribunal to be appointed by Government.

7. My Committee desire that while Government take steps to bring about amalgamation between the said rival Associations trading in cotton, and stocks and shares and securities, they will carefully go into the causes which have led to the formation of such rival associations and see that such causes are in future eliminated, so that the principle of unitary control in forward trading in cotton and shares may be realised in practice.

8. As regards the third question, viz. amending the law so as to make contracts in forward trading in stocks, shares and securities, cotton, etc. not in accordance with the rules and regulations of the Associations representing those trades illegal, instead of void, and rendering persons dealing in such contracts liable to penalty in a Criminal Court of Law, my Committee are not ordinarily in favour of subjecting commercial transactions to any penal provisions. Upto now no particular necessity appears to have arisen to make any such provisions. My Committee, at the same time, realise that if unitary control in forward trading has to be brought about rigidly, in both these markets, and if there have to be any sanctions behind, there will have to be some such provisions for making transactions outside the purview of those organisations not only void but also illegal. Before proceeding, however, with this drastic step, my Committee would request Government to consider the direct and indirect consequences and the hardships, if any, to *bona fide* merchants. The possibility of the diversion of trade from one centre to another, and particularly to centres outside British India, must also not escape Government scrutiny. It has been represented to my Committee that some sections of the trade expect that the declaration that all forward transactions outside the recognised Association shall be illegal would lead, in practice, to great harassment. The imposition of penal clauses must always be an anxious matter for Government, and it ought to be more so in this case, because it must be done not in the atmosphere of controversy, not merely in the light of the experience gained, but must be done having regard to all possible developments which can be anticipated.

9. With regard to the fourth question, viz. enacting new legislation enabling Government to assume control of forward trading in other commodities, no complaint has been made necessitating any interference or control by Government. My Committee, therefore, hope that Government will be pleased not to initiate any legislation for the other markets, unless a definite demand comes from the trades concerned and from this Chamber and unless the larger interests of the community require such legislation.

10. In the end, my Committee, while accepting the principle of unitary control, desire to emphasise that in no case should a monopoly be created or allowed.

APPENDIX 76

Extension of the Provisions of the Agricultural Produce (Grading and Marking) Act 1937 to certain other Commodities

Letter No. 7043-A/33 dated 16th July 1938 from Deputy Secretary to the Government of Bombay, Revenue Department, to Chamber.

I am directed to forward a copy of the letter from the Secretary, Imperial Council of Agricultural Research, No. F. 51-(17)-38-G, dated 25th June, 1938, and to request that the views of your Chamber on the proposals made therein may be forwarded to this Government as soon as possible.

Letter No. F.51-(17)/38-G dated 25th June 1938 from the Secretary, Imperial Council of Agricultural Research, Simla, to all Provincial Governments.

I am directed to invite a reference to the Agricultural Produce (Grading and Marking) Act, which was passed by the Central Legislature last year, to provide for grading and marking of agricultural produce. Section 3 of the Act empowers the Central Government to make rules in respect of any Scheduled article fixing grade designations to indicate the quality, defining the quality indicated by each grade and specifying grade designation marks. The General Rules so framed empower the Agricultural Marketing Adviser to the Government of India to issue certificates authorising any person or a body of persons to grade and mark the produce in accorddance with the prescribed procedure.

2. It will be noticed from the Schedule annexed to the Act that at present it is permissible to prescribe definitions of quality and grade designation marks, etc. in respect of the following articles, viz.:—

1. Fruit.
2. Vegetables.
3. Eggs.
4. Dairy Produce.
5. Tobacco.
6. Coffee.
7. Hides and Skins.

As Provincial Governments are doubtless aware, the Central Government have already framed rules for the grading and marking of several commodities covered by the existing entries in the Schedule, namely:—

Grapes, Oranges, Tobacco, Eggs, Hides and Skins.

The experiments which have been conducted at suitable centres by the Central marketing Staff in collaboration with the Provincial Marketing Officers concerned have generally shown that grading is profitable, and that several firms and individuals, particularly those interested in tobacco and eggs, have undertaken to grade their commodities under certificates of authorisation issued by the Agricultural Marketing Adviser. There is reason to believe that the process of grading is gradually gaining popularity in India. It is hoped that rules for the grading of ghee will be issued shortly.

3. Suggestions have now been received that the Grading and Marking Act may be applied to a few articles which are not at present included in the Schedule. The Government of the Punjab have already taken up the question of standardising fruit products such as juices, marmalades, sharbats, etc., and they consider it desirable that the grade marks should be produced under the Act. A sugar factory in the United Provinces has also been manufacturing fruit juices and its owner is anxious to standardise and mark his products under the Act.

4. The Government of Bombay and the Indian Central Cotton Committee are interested in a scheme for the proper marking and better primary marketing of staple cotton, 1027 A.L.F. grown in Gujerat and the Indian Central Cotton Com-

mittee has recommended that in order that the scheme may be successfully carried through, cotton should be added to the Schedule of the Act. It should be made clear that there is no intention of interfering with the existing standards of the East India Cotton Association which are based on regional types, e.g., Broach, Surat, Cutch, etc. The marking and grading rules would be referred to the Indian Central Cotton Committee in due course.

5. Attention has already been drawn in the Report on the Marketing of wheat in India to the fact that there is a great diversity in the quality standards of the products of the various roller flour mills. Grade No. 1 product of one mill may correspond to No. 2 of another and the quality of one grade of product of one and the same mill may vary at different periods. In order to judge whether grading of *Ata* is a practicable proposition, the Agricultural Marketing Adviser arranged last year a small experiment at Delhi for the sale of graded *Ata* ground by an electricity driven *chakki* from clean and washed wheat. The results were so encouraging that one of the local *chakki* owners has introduced a similar system and is selling graded *Ata* bearing his own brands and labels. Though the experiment evoked a certain amount of opposition from a few large millers, there is no reason why the efforts of small millers to turn out a decent grade of *Ata* should not be supported, specially as it appears that standardisation of grades of *Ata* under the Act will ultimately be of advantage not only to small millers but also to large millers.

6. During the course of the marketing surveys, it has been observed that the adulteration of fine rices is very common. The Agricultural Marketing Adviser to the Government of India therefore proposes to begin with small grading and marking schemes for the finer qualities of rice, such as Dehra Dun Basmati and it seems advisable to make provision in the Act for the protection of grade marks of rice of specified varieties.

7. In view of the circumstances stated above it is proposed to add to the Schedule annexed to the Act the following commodities, viz:—

(*i*) Fruit products.
(*ii*) Cotton of specified botanical varieties.
(*iii*) *Ata.*
(*iv*) Rice of specified varieties.

Before taking action under section 3 of the Agricultural Produce (Marking and Grading) Act (1937) however, the Government of India would be glad to have the views of the Government of Madras in regard to the individual items mentioned above (except those on which the wishes of the Provincial Government have already been communicated). It is also requested that the views of the local Chambers of Commerce and other trade interests concerned may kindly be ascertained and intimated to this Department.

8. It will be appreciated if the Government of Madras will kindly send in their reply by the 24th July, 1938 at the latest.

If no reply is received it will be presumed that there is no objection to these proposals.

Letter No. 2485 dated 28th August 1938 from Chamber, to the Secretary to the Government of Bombay, Revenue Department, Bombay.

I am directed to refer to your letter No. 7043-A/33, dated 16th July, 1938, on the above subject, and in reply to send to you hereby the views of my Committee on the proposals made in the letter from the Secretary, Imperial Council of Agricultural Research, dated 25th June, 1938, to the Provincial Governments.

My Committee are in agreement with the suggestion to include (1) fruit products, (2) cotton of specified varieties, (3) *Ata*, and (4) rice of specified varieties in the schedule under the Agricultural Produce (Grading and Marking) Act, 1937, so as to make it possible to prescribe definition or qualities, grades, designations, etc. in respect of such articles. Grades, designations, etc. will however be fixed under rules to be framed by the Central Government under Section 3 of the Act. My Committee would like to suggest that the rules in questions should be previously circulated for the informa-

tion and approval of commercial bodies, so that the trades concerned will have ample opportunities of advising Government in regard to details of grades and standards.

Letter No. 2472 dated 25th August 1938 from Chamber, to the Secretary, Indian Central Cotton Committee, Bombay.

I am directed by my Committee to refer to your circular letter No. 8181 dated 30th July, 1938, on the above, and in reply to say that they approve of the proposal to include cotton in the schedule of the Agricultural Produce (Grading and Marking) Act, 1937, so that the provisions of the Act might be made applicable to cotton.

In this connection, they would like to suggest that the areas for growing superior types of cotton should be fixed and the growing of any other type of cotton therein must be prohibited. Imports of cotton (lint) into such areas, except under special permits to meet the particular demands of an industry within the area, should also be prohibited. These restrictions are considered necessary, if the object underlying, viz. growing of superior varieties of cotton, is to be fully served.

My Committee would further like to suggest that the rules for Grading and Marking to be framed under the Act should be previously circulated for the information and approval of commercial bodies.

They hope that, while recommending to Government the advisability for including cotton in the schedule under the above Act, the Indian Central Cotton Committee would bear in mind the above suggestions of my Committee.

APPENDIX 77

Details of Liquid Quantity and Proof Strength of Wines & Spirits

Letter No. C-1489/37 dated 17th January 1938 from the Collector of Customs, Bombay, to Chamber.

I have the honour to state that under section 29 of the Sea Customs Act the owner of any goods imported is required

to state in the relative Bill of Entry the real value, quantity and description of the goods to the best of his knowledge and belief. In the case of wines and spirits the particulars of liquid quantity and proof strength are not being declared by importers, with the result that this Department has actually to determine the quantity which is imported whereas in the case of other classes of goods all such particulars as are necessary are declared in the Bill of Entry by importers and a mere check is exercised by this Department for purposes of assessment in respect of them. In order to avoid the extra work and consequent delay caused by the former practice and to ensure more accurate results, I propose to notify the trade that correct details of liquid quantity and proof strength in respect of wines and spirits should be shown by importers in their Bills of Entry.

2. I also propose to issue a notice requiring the marking of the brand and makers' name on cases of wines, spirits and beer intended for warehousing, in order to ensure the correct reception into and delivery ex-bond of goods actually entered for warehousing and clearance, and to provide an effective check over the balance of stock of each particular brand in bond.

3. The above requirements will not be enforced until the trade has had sufficient time (i.e. three months), to arrange with shippers for the supply of the requisite information in the relative invoices and for the marking of the consignments as proposed. I may add that similar action has been taken by the Collector of Customs, Calcutta, with the approval of the trade.

4. I request you kindly to let me have as early as possible the views of your Chamber on the above proposals.

Letter No. 791 dated 10th March 1938 from Chamber, to the Collector of Customs, Bombay.

With reference to your letter No. 1489/37 of the 17th January, my Committee have no objection to the proposed requirement that particulars in the Bills of Entry regarding

wines and spirits should include correct details of the liquid quantity and proof strength.

APPENDIX 78

Revision of the Indian Merchandise Marks Act 1889

Letter No. 1644/34-B dated 21st July 1938 from Chief Secretary to the Government of Bombay, to Chamber.

I am directed to forward herewith a copy of Government Resolution * No. 1644/34 of 21st July 1938, regarding the revision of the Indian Merchandise Marks Act, 1889, and to request that you will be so good as to communicate to Government before the 31st August 1938, any observations which your Chamber may desire to make in respect thereof. The observations may kindly be sent in *duplicate.*

Letter No. 2640 dated 14th September 1938 from Chamber, to the Chief Secretary to the Government of Bombay, Political and Services Department, Poona.

With reference to your letter dated 21st July, 1938, No. 1644/34-B, on the above subject, I am directed to send to you hereby the views of the Committee of this Chamber.

My Committee have, for a long time, been pressing on the attention of Government the advisability and the necessity of amending the Merchandise Marks Act, as the present Act was placed on the statute book in 1889 and stands badly in need of revision, looking to the fact that important and vital changes have taken place in the world of trade and industries during this half a century. My Committee, in their opinion forwarded to the Government of Bombay in reply to their letter dated 15th March, 1937, expressed themselves very strongly in favour of amending the law. They, at the time, emphasised that the law should be changed so as to make it obligatory for all imported goods being marked with the country of origin, and pointed out that the difference

* Enclosure not printed.

between Government proposals and their recommendation was that instead of empowering the Governor-General-in-Council to issue a list of goods to be so marked he should be only empowered to issue a list of exceptions.

My Committee are afraid that there will be a great opposition to Mr. Nehru's proposal to treat the present unregistered trade marks as merely trade descriptions, because no businessman with practical experience of the Indian trade will permit the belittling of the importance of established trade marks, which are in bulk unregistered because of the absence of any Trade Marks Law in India. Such a suggestion underrates the worth and importance of the property of businessmen. Such unregistered trade marks are again by no means merely trade descriptions. They have a concrete value of great importance in their present and future trade and they must be preserved in tact.

Marks of the Country of Origin : There is a unanimous opinion with regard to the necessity of marking the country of origin on all non-Indian or foreign goods specifically as made in England, etc., not only on the cases but on the goods themselves for the protection of unwary consumers, except for jewellery and such other articles that do not permit of showing the country of origin by marks, which may be specifically exempted. All the other goods, however, must be marked specifically and there is no reason to entertain any fears with regard to advertisement of foreign goods. The country of origin must be indicated in the English language.

Clause 2 : There is an important point in the examination of the definition of the term "trade mark". The expression "trade mark" as defined has the meaning assigned to that expression in Section 478 of the Indian Penal Code. This Section itself is based on the United Kingdom Act, 1887. The effect is that foreign marks are placed in a more favourable position than the British marks while the latter enjoy more advantages than the Indian marks. It is, therefore, found necessary to revise the present Act to eliminate certain anomalies, and with that end in view Clause 2 (*k*) of the new Trade Marks Bill defines a trade mark as follows :—

"A 'Trade Mark' means a mark used or proposed to be used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark."

It is therefore suggested that Section 478 of the Indian Penal Code should be amended so as to make the term 'Trade Mark' applicable to the following classes of Marks :—

(*i*) Trade Marks registered in India ;

(*ii*) Trade Marks registered in the United Kingdom ; and

(*iii*) Trade Marks protected in such foreign countries or Colonies, which have reciprocal arrangements with India, under the proposed Registration of Trade Marks Bill.

Clause 6—Marks of Origin : Under the present Act, it is not necessary to have on the imported goods any indication of the country of origin, but under Section 18 (*d*) of the Sea Customs Act, the import is prohibited of goods bearing a counterfeit Trade Mark or a false Trade Description. Under Section 18 (*e*) of the Sea Customs Act, import is prohibited of goods made or produced beyond the limits of the United Kingdom or British India, which bear a name of Trade Mark of a trader in either of these countries unless such goods are marked with an indication of their origin. Under this Section goods of the United Kingdom are accorded certain privileges, while no reciprocal privileges are accorded to Indian exporters in the United Kingdom market. It should also be noted that while the present Indian Act accords a privileged position to the United Kingdom, Indian States have been placed on the same footing as foreign countries.

The commercial community has been insisting that marks of the country of origin should be obligatory and that there should not be any option to the trade as at present and that the special privileges enjoyed by the British manufacturers under the Indian law should be withdrawn, particularly when the interests of British and Indian manufacturers

in the Indian market can no longer be regarded as identical in view of the present development of Indian industries. It is to be noted that there is a difference of opinion between vested interests and Indian Commerce, as to whether the provision should apply to all foreign goods imported into this country or only to such goods as are notified after enquiry. My Committee have already observed above that the provision should apply to all the goods on importation excepting on such goods as are particularly specified in view of their quality or character.

Clause 6 (3): Another question arises as to the time at which the provision should apply, i.e., at the importation of the goods by sea into British India or both importation and sale thereof in British India. My Committee are of opinion that marking requirement of imported goods should apply both at the time of their importation and at the time of sale in India by wholesale or retail.

Clause 7: My Committee are in agreement with the proposal of the Special Officer that Section 18 (*f*) of the Sea Customs Act and Section 12 of the Merchandise Marks Act should be amended to provide for the obligatory marking of the width on each piece of piecegoods and stamping the name of the manufacturer, mill, or his wholesale purchaser in India at reasonable lengths of each piece of piecegoods.

Clause 8: My Committee also consider that both the imported and Indian yarn should be marked with an indication of the count and weight on each bundle.

The obligatory marking should apply not only in respect of foreign goods in general but should also apply in respect of all foreign piecegoods. The recommendation, however, of the Special Officer is that such an obligatory marking should not apply uniformly to all imported goods but only to such classes of goods as are specified by notification after full enquiry. My Committee consider that such an obligatory marking should apply to all the imported goods and that specific exemptions may be made by Government after due consideration.

APPENDIX 79

Indian Merchandise Marks Act and Application of Correct Trade Description of Cotton Yarn

Letter No. 1581 dated 27th May 1938 from Chamber, to the Secretary to the Government of India, Department of Commerce, Simla.

The Bombay Millowners' Association have forwarded to my Committee a copy of their letter No. 1637/114/38, dated 1st April 1938, to Government, on the above subject. Therein the Association had suggested that

(1) the Indian Merchandise Marks Act should be amended to provide for—

(*a*) count of yarn ; and (*b*) net weight in pounds (lbs.) of yarn in the bundle being stamped on all grey and bleached yarn ;

and

(2) certain modifications in the allowances for variations in counts and weights be made.

My Committee are in complete accord with the first suggestion.

As regards the second suggestion, they feel that, as far as possible, the actual weight or length should conform strictly to the marked weight or length. Discrepancies between stamped and real particulars will affect the reputation of Indian goods. It is, therefore, necessary that the scale of variations should be strictly limited to the absolute minimum that may be considered necessary or just to meet the requirements of each case. Judged from this standpoint, my Committee feel that the limits suggested by the Millowners' Association can, without any serious inconvenience to the manufacture or marketing of such yarn, be reduced ; and they suggest the following limits of variations instead :—

	Allowances suggested by	
	Millowners' Association.	Chamber.
Counts of bleached yarn	10%	7½%
Weight of yarn :		
On counts 16s and above—		
on bundles not exceeding 5 lbs. ...	1 oz.	½ oz.
on bundles exceeding 5 lbs. ...	2 „	1 „
On counts below 16s—		
on bundles not exceeding 5 lbs. ...	2 „	1 „
on bundles exceeding 5 lbs. ...	4 „	2 „

Subject to the modifications suggested by my Committee above, they are in general agreement with the suggestions contained in the representation of the Millowners' Association; and they would request Government to be pleased to bring about the necessary changes in the law at an early date.

APPENDIX 8o

Proposed Legislation for Registration of Trade Marks in India

Letter No. 1653/34-2855-B dated 7th June 1938 from the Chief Secretary to the Government of Bombay, to Chamber.

I am directed to forward herewith a copy of a letter* received from the Government of India in the Commerce Department, on the subject mentioned above, and to request that you will be so good as to communicate to Government, on or before the 10th July, 1938, any observations (which may kindly be sent *in duplicate*) which your Chamber may desire to make on the proposal with reference to the various points referred to in the letter, and in particular to the scale of fees to be prescribed with reference to clause 40 of the draft Bill.

* Not printed.

Letter No. 2090 dated 19th July 1938 from Chamber, to the Chief Secretary to the Government of Bombay, Reforms and Services Department, Poona.

With reference to your letter dated 7th June, 1938, No. 1653/34-2855-B, I am directed to send to you hereby the views of the Committee of this Chamber with regard to the above draft Bill. My Committee are glad to note that the Government of India propose to introduce legislation for the registration of trade marks, the need for which has been felt by the commercial and industrial community. As my Committee wrote in their letter to the Government of Bombay, dated 3rd June 1937, No. 1607, they had on various occasions in the past pressed on the authorities the need for such legislation in the country. They hope that with such changes and amendments as they suggest herein, the Bill will be introduced and placed on the statute-book, and be a great help to trade and industries in their development.

Clause 2 (b) of the Bill: The term "Court" is defined as the High Court of Judicature at Fort William, Calcutta. Thus jurisdiction in respect of any legal action under the Act is vested in that Court alone. This is a matter of great inconvenience to people residing in other parts of the country. The notes point out that having regard to the fact that the trade marks Register and the Office of the Registrar will be at Calcutta, it will not be possible to vest jurisdiction in any other Provincial Courts also. My Committee beg to submit that jurisdiction should vest not only in the Calcutta High Court, but also in all other High Courts in the different Provinces. A departmental appeal should lie from the decisions of the Registrar to the Central Government and a second appeal should lie from the decisions of the Central Government to one of these High Courts according to the residence of the applicant. In order to make this possible, it would be necessary to have branch Registers in all the important Provincial commercial towns under an Officer authorised to receive applications for registration and to perform all the duties and functions assigned in the draft Bill to the Registrar.

My Committee also beg to suggest that a file of the Trade Marks Journal should be kept at some Government Office in all the principal cities of commercial importance. They also suggest that copies of the Journal should be supplied free of charge to all important Chambers of Commerce and commercial associations.

With regard to Clauses 11 & 12, my Committee suggest that the Indian Trade Marks Journal should be made as cheap as possible. They would also suggest that advertisements in the Trade Marks Journal should be made as cheap as possible, and that such advertisements should be deemed sufficient for the purposes of advertising applications for registration of Trade Marks. My Committee do not think it necessary that any public advertisement in newspapers and the Gazette is necessary.

Clause 27 (b) : My Committee are opposed to the provision in this sub-clause that a registered mark may be removed from the Register on grounds of non-use for five years.

Clause 27 (3) should make it clear that mere non-use alone should not render the mark liable to removal provided the mark has been in use in another area.

Clause 38 : This clause provides for the cotton Marks Register in Bombay, which will be in charge of the Deputy Registrar ; but the registration itself will be made by the Registrar at Calcutta. My Committee are not agreeable to such a procedure. The registration should be done at Bombay itself where will be a Registrar as suggested in our views on Clause 2 and who will look not only to cotton marks but also to other registrations. At all events, my Committee are strongly of opinion that even in the scheme of the legislation as drafted, there is no justification for vesting the jurisdiction over the Cotton Register in the Calcutta High Court.

Clause 38 (8) : Provision is made for the constitution of a Committee of persons versed in the usage of cotton trade. It may be consulted by the Registrar or the Deputy Registrar with respect to any circumstances arising on an application to register a mark in the Cotton Register. The constitution of the Committee is to be determined by rules to be framed. My

Committee suggest that this Chamber should be represented on the said Committee.

Clause 40: My Committee suggest that the fees should be

Re. 1/- for application,
Rs. 5/- for registration, and
Rs. 5/- for renewal.

Clause 58: My Committee are opposed to the provisions regarding reciprocal arrangements as drafted. In the first place, there is no justification for making separate provisions and prescribing different procedures for the United Kingdom and for other foreign countries. Secondly, so far as the United Kingdom applicants are concerned, there should be no such priority and the registration should be effective from the date of application in India and not from the date of application in the United Kingdom. Whatever be the date of the application in the United Kingdom or India, the registration of marks here by the United Kingdom users should not in any way prejudice the rights of the first user in this country. Thirdly, the power to make arrangements with the Government of any foreign State, including His Majesty's Government and the Dominions, for the mutual protection of Trade Marks should be vested in the Government of India and the executive authority in respect of such arrangements should be exercised solely by that Government, as distinguished from His Majesty's Government. The Indian Commercial community has been long since demanding that the right to enter into Trade Agreements on behalf of India should lie with the Indian Government, without any interference from the Secretary of State. My Committee therefore suggest that the clause should be substituted by a simple provision authorising the Government of India to make arrangements with all foreign Governments, including the Government of the United Kingdom, on such terms as they may deem fit and necessary.

APPENDIX 81

Indian Patents and Designs (Amendment) Bill

Letter No. 2115/34-B dated 26th November 1937 from the Chief Secretary to the Government of Bombay, Political and Reforms Department, to Chamber.

I am directed to forward herewith a copy of Government Resolution,* Political and Reforms Department, No. 2115/34, dated the 26th November 1937, and to request that you will be so good as to favour Government with the opinion of your Chamber on the provisions of the Indian Patents and Designs (Amendment) Bill.

2. The reply to this letter should kindly be sent, in duplicate, not later than the 3rd January 1938.

Letter No. 143 dated 14th January 1938 from Chamber, to the Chief Secretary to the Government of Bombay, Political and Reforms Department, Bombay.

I am directed to refer to your letter No. 2115/34-B of the 26th November 1937 on the above subject and in reply to say that my Committee are in general agreement with the provisions of the Bill.

APPENDIX 82

New Conditions for the Issue of Electric Licences

Letter No. 1306 dated 27th April 1938 from Chamber, to the Secretary to the Government of Bombay, Public Works Department, Bombay.

I am directed by my Committee to refer to the revised conditions on which new licences are to be given for the supply of electrical energy, as announced in the press note, p. 83 dated 25th February 1938 and to convey hereby to Government the views of my Committee on the same.

The Hon'ble the Finance Member to the Government of Bombay, in his speech introducing the budget estimates

* Enclosure not printed.

for the year 1938/39, after referring to the above additional conditions and the various steps that Government proposed to take in regard to the supply of electricity, observed as under :—

> "We have thus every hope that we shall be able in the course of a few years to make cheap electricity available in many parts of the Province, urban as well as rural, for the development of our natural resources, as well as for encouraging more scientific cottage industries and agriculture."

The above sentiment will be shared by all people in the Presidency who are desirous of a rapid expansion of the use of electricity by the people of the Presidency both for domestic and commercial purposes. In fact, my Committee had, in the past on various occasions, referred to the need for some control in the matter of charges levied for the supply of electrical energy. Thus in the year 1935 in their letter No. 1990 dated 7th August addressed to the Government of Bombay on the issue of licence proposed to be given to Messrs. Killick Nixon & Co., and Messrs. Callanders Cable & Construction Co., Ltd., for the supply of energy in the Northern Division my Committee made the following remarks :—

> "My Committee are opposed to the maximum rates which are proposed to be fixed for the licensee by Government. These rates, as compared with some of the rates in other parts of the Presidency are very high. What happens is, as has been evidenced in several cases, that the licensee takes advantage of this monopolised situation some years after and when he finds that his firm is firmly established in the district, the rates are driven up to the maximum without any regard as to whether the company or firm is making profit or loss. Such a state of things entails great hardship and inconvenience upon the consuming public and, as has happened already in some places, the licensee has, regardless of public sentiment and feelings, brought up his rates to the maximum even though his company was making profits for the last several years."

Thus any effort of Government to regulate the cost to the consumer of electricity at a rate which may be considered fair and which may not prove to be uneconomic to the producer, will have the general support of the people of the Presidency.

At the same time, it is necessary that in the anxiety to protect the interests of the consumer nothing is done which will ultimately retard the extension of the use of electricity and which will make new undertakings for the supply of energy unremunerative, thereby preventing the inflow of capital for future enterprises in this direction and which will, in its ultimate repercussions deny the benefit of the supply of electrical energy to the large number of small towns and villages in the presidency which are at present not so supplied. The comments which my Committee are hereafter making in detail on the clauses of the new conditions therefore are actuated by the desire to see that in the general anxiety to protect the interests of the consumer—an anxiety which my Committee also share—nothing is done which would hamper the progress of electrification in the Presidency. My Committee would now refer in detail to the new conditions announced by Government.

Condition 1

Government desire to prescribe a maximum limit of 4% for allotment as profit to the shareholders or the licensee. In the first place, it is not clear whether this limit would be based on the share capital or on the block account; whether debentures and preference capital which have attached to them special conditions of return will also come within the limitation of this maximum, and whether such an appropriation for payment of profits will be after making necessary allocations for depreciation and after setting apart such amounts as may be considered necessary for building up a general reserve. These points need to be made clear and every canon of company finance must be respected and my Committee hope that it is not the intention of Government to impose any conditions which would militate against the building up of general reserves which are very necessary as a source

of financial strength to the company in times of stress and strain and the making of requisite allocations for depreciation.

Government have fixed 4% as the maximum rate of return payable to shareholders. My Committee have already referred to the case of preference and debenture capital which may have attached to them fixed rates of return. Apart from this, they consider the basic rate proposed as extremely inadequate. It has been the general experience with electrical undertakings in the Presidency that for the first few years after floatation and after commencement of operations the company makes little, if any, profits and that the question of actual payment of dividends arises only after the company has been in working order for a number of years. There have been instances of electrical undertakings in the Presidency which did not pay any dividends for 7 or 8 years. This consideration must be borne in mind in fixing a rate as maximum for payment of profits.

Then again adequate consideration will have to be given to the factor of fluctuations of the money market. Interest rates cannot be expected to remain stationary for all time and the fixing of a statutory rate without any bearing on the prevailing money rates at a particular time might lead to complications which may result in bringing about disturbance in the financial structure of the company concerned by causing wide fluctuations in its share value. The uncertainties inherent in the initial years of the working of an electrical undertaking to which my Committee have referred and the statutory limitation for all times of the rate of dividend will tend to make investments in electrical concerns unattractive with the result that, in future there may not be adequate capital forthcoming for floatations of this kind. There would, therefore, be no enthusiasm to start any electrical undertaking with the inevitable consequence that all those small towns and villages in the presidency which have yet to be served with the supply of electricity will, for a long time, have to go without the benefits of the same. It must particularly be remembered that in almost all the important towns arrangements for the supply of energy already exist and the effect of any restric-

tion in the activities of new electrical undertakings will have to be borne by those small towns and villages which have so far remained unserved. My Committee, therefore, submit that Government should not make capital shy by fixing an unduly low rate. In their opinion the rate proposed should not in any case be below 7%. After all, Government are fixing only the maximum and in many cases there is no guarantee that the rate fixed will at all be distributed.

Condition 5

The provision for a deposit with Government of 20% of the estimated cost of the works will prove to be a great hardship and in effect prevent applications for new licences. As a matter of general experience, a company for the supply of electrical energy can be successfully floated only after information about the grant of the licences is placed before the prospective investors. To require, therefore, the deposit of a large amount with Government will, in the opinion of my Committee, prove impracticable in working. This provision will particularly hit smaller companies and licensees who may not, on their own account, be able to find initially the large sums required to make the deposit.

Condition 6

My Committee believe that there is a slight misunderstanding in the wording of this clause. The maximum rates for power to be supplied to agriculture and small industries are, according to this clause, to be based on the "cost of generation." The connotation of "generation" is likely to cause misgivings in regard to the basis on which the rates are to be fixed. Cost of distribution is a very important and essential item in the production and supply of electricity and sometimes the distribution cost may perhaps exceed the generation cost. My Committee, therefore, presume that by generation cost, Government mean the "all-in" cost including distribution cost and that the rates fixed under this clause would be based on such net cost of production and supply of such power.

My Committee request that Government should give attention to the considerations set forth above and make necessary changes in the additional conditions for the grant of licences under reference so as to make the said conditions workable and practicable and so as to prevent any harm being done to the progress of electrification within the Presidency.

APPENDIX 83

Bill to Prevent Strikes and Lock-outs

Letter No. 823 dated 19th February 1938 from the Commissioner of Labour, Bombay, to Chamber.

I am directed to inform you that Government intend to introduce the above Bill in the forthcoming Budget Session of the Legislative Assembly. I am enclosing twelve copies of this Bill* and I am to request you to be so kind as to let me have the views of your Association on the various provisions of the Bill at your very earliest convenience and in any case not later than the 10th March 1938. I am to add that it will not be possible to take into consideration opinions received after this date.

Letter No. 861 dated 17th March 1938 from Chamber, to the Commissioner of Labour, Bombay.

With reference to your letter of the 19th February 1938, No. 823, rgarding the above Bill, I am directed to send to you hereby the views of the Committee of this Chamber.

2. My Committee regret that this Bill follows one or two others in not having a statement of Objects and Reasons. My Committee have already, with regard to another Bill, drawn the attention of Government to this omission and hope that this omission will be rectified with regard to future Bills. In regard to this Bill also my Committee regret that they are obliged to complain regarding the period of time allowed to them, as well as other commercial bodies, to formulate

* Enclosure not printed.

their views. The Bill is a very comprehensive one aiming, as it does, at aiding in the prevention of strikes and lock-outs and it is not possible to consider it in all its bearing within the short period allowed.

3. My Committee are glad that Government have brought forward a measure with the object of preventing strikes and lock-outs, which have always been an adverse factor with regard to industrial development of the country. It has been the unfortunate experience of industrialists in this land to have lightning strikes. In fact, excepting in the case of Ahmedabad, the general rule appears to be for Labour to go on strike and then to formulate grievances and carry on negotiations for settlement of such strikes with the employers. It is, therefore, vitally essential that a measure should be devised for the prevention of such strikes, as well as such lightning lock-outs in the interests of all the industries concerned. The best measure for such a purpose should be the recognition of *bona fide* trade unions and recognition of employers' Associations with an arbitral procedure. Government, however, have to see that such procedure is followed, and in cases where it is not followed to institute their own measure to provide for special settlement before the trouble goes further. The Bill does not provide any conditions for the recognition of trade unions. In this connection, I am to draw the attention of Government to the letter of my Committee, dated 13th October 1937, in reply to Government communication, dated 20th September 1937, addressed to different commercial bodies, wherein my Committee had recommended that trade unions, which have more than 51 per cent of the total workers as members, should be recognised by industries concerned. Some such condition should be precedent to the recognition of trade unions.

4. With regard to Clause 1 (2), my Committee are of opinion that the Bill, as it stands at present, is suitable only for large and organised industries. They, therefore, beg to recommend strongly that it should apply, for the present, to large and organised industries and not to trades nor to small industries. The consequential change will have to be made

in sub-clause (2) taking away from its purview all the small industries, as also in sub-clause (3) deleting all reference to 'any other trade or trades'. Similarly consequential change will have to be made in the definition of 'Workman' in Clause 1 (*f*), deleting from it all reference to trades and clerical work.

5. It is not clear from Clause 3 of the Bill, as to whether a union should be recognised for a particular industry or for a particular factory and whether in cases of such recognition, it will have the power to negotiate with any employers concerned or with only the employer or employers of a particular factory or factories for which it may be recognised. Thus, say, if a union is started for a factory XYZ, it shall have the power to negotiate only with the employers of the particular factory. If a union is started for the whole cotton textile industry or for any other industry, it shall have the power to negotiate with the Association of employers of the cotton textile industry or any other industry concerned. In the opinion of my Committee, there should be this difference between different trade unions, viz. unions for particular factories and unions for industries as a whole, instead of the distinction which is proposed to be drawn out in sub-clause (2) of Clause 4, viz. horizontal and vertical unions.

6. Clause 6 provides that the Commissioner of Labour shall be ex-officio Chief Conciliator, and sub-clause (3) provides that the Minister shall appoint Conciliators whose jurisdiction will be also defined as to cover the whole of the Province of Bombay, either by areas or by industries or by both, provided however that no Conciliators shall be appointed for such industries in such centres as have a recognised union of a representative character with an approved arbitration procedure so long as that procedure is in operation. My Committee are opposed to the appointment of the Commissioner of Labour as ex-officio Chief Conciliator. The Commissioner of Labour may be the executive officer under this Bill to set the machinery in motion, but the Conciliator or Conciliators should be chosen from a panel for the purpose. This panel shall have names of persons of an eminently judicial mind,

like retired Judges of the High Court, or retired Sessions Judges or retired lawyers and Government may appoint from this panel Conciliators for purposes of any disputes which may have arisen. Such Conciliators shall be assisted by one or two representatives from each of the parties concerned in the capacity of Advisers.

7. **Clause 8:** It is desirable that the period of notice should be reduced to 15 days in the case of proposed changes in the wages and wage rates and hours of work.

8. With regard to the Schedule under Clause 8, my Committee are strongly of opinion that it is neither practicable nor advisable to announce to workmen by some notice any change in "other conditions of employment", which are mentioned therein, and to take their consent for the same.

(*a*) **Reduction or increase in the number of persons employed or to be employed in any department or departments:**

Certain increases or reductions are bound to be made in the number of persons employed or to be employed in any department or departments, and it would be next to impossible to give even 15 days' notice with regard to the same. An employer has got to engage several new persons on a sudden eventuality in any department causing thereby an increase in the number of employees and he will not be able to give a notice of this, unless there is a big delay in the employment of such persons and there is a hitch in the administrative working of the factory causing thereby a big loss.

(*b*) **Starting, alteration or discontinuance of shift working:**

It would not be fair to make it impossible for an employer to start or discontinue night shift working without entering into negotiations with his employees. The Bombay Millowners' Association are right in pointing out that an employer is already compelled to give 14 days' notice to night shift workers if he wishes to discontinue their services and that it would create an impossible situation if, at the end of

the notice period, the employer had to continue working the whole of his night shift because a protest against closure had been made by a few workers and conciliation was proceeding.

(c) Withdrawal or granting of recognition to unions of Workers:

Under clause 3 of the Bill an employer apparently has got the right of recognising or not recognising any union. Under this Schedule, however, he will have to give a fortnight's notice if he wants to withdraw the recognition once granted to a particular union. This is, therefore, inconsistent with Clause 3. My Committee see no reason why an employer should not have the latitude to withdraw recognition from any union or to grant recognition without giving such a notice.

(d) Withdrawal of any customary concessions or privileges or change in usage:

The effect of this will be that the employer will be virtually deprived of any discretion in regard to such privileges or concessions which are ordinarily given for producing greater efficiency in the workmen, with the result that in future he will fight shy of introducing any such concessions.

(e) Introduction of new rules of discipline or alteration of existing rules and their interpretation:

My Committee suggest that the last three words: "and their interpretation" be deleted. It appears that a certain set of Standing Orders are now in operation to ensure the satisfactory working of the Payment of Wages Act. One of the clauses of the Standing Orders provide that "the decision of the Manager upon any question arising out of, in connection with, or incidental to these Orders, shall be final subject, however, to appeal to the Managing Agents and without prejudice to any right of an operative aggrieved by his or their decision to resort to legal proceedings in a Court of Law." It is because of this that my Committee are of opinion that the interpretation of the Standing Orders should not be brought under the proposed Schedule.

In view of all this, my Committee are of opinion that the Schedule should be altogether deleted and the machinery of this Act should be made use of only for the main purposes mentioned in Clause 8 (1), viz., any intended or desired change in the wages and wage rates or hours of work. Such a restriction of the scope of the Bill is all the more necessary, having regard to the fact that although the period of notice prescribed under Clause 8 (1) in respect of change "in other conditions of employment" is only 15 days, in effect it would mean that the employer would be stopped from bringing about the change for a period extending almost to six months, as under Clause 8 (9), if an objection is taken to any change proposed, the process of either conciliation or arbitration will have to be invoked, with the result that the employer would be able to implement his decision in regard to the said change in the conditions only after a long time.

9. Clauses 9, 10, 11, 12 and following are concerned with proceedings before Conciliators. My Committee beg to request that their suggestions with regard to the appointment of Conciliators should be adopted and the consequential changes made in all these Clauses.

APPENDIX 84

Bill to Regulate Hours of Work of Shop Assistants and Commercial Employees

Letter No. L.O.1618 dated 15th March 1938 from the Commissioner of Labour, Bombay, to Chamber.

I am directed to inform you that Government intend to introduce in the next session of the Legislative Assembly legislation on the subject of hours of work of shop assistants and commercial employees. I enclose for your consideration a draft Bill* on the subject and shall be glad if you will kindly let me have the views of your Chamber on the various provisions of the Bill at your earliest

* Enclosure not printed.

convenience and in any case not later than 18th April 1938. In this connection I may invite your attention to the Report on an Enquiry into Wages, Hours of Work and Conditions of Employment in the Retail Trade of some Towns in the Bombay Presidency published by the Labour Office in 1936, copies of which can be obtained from the Superintendent, Government Printing and Stationery, Bombay.

Letter No. 1305 dated 27th April 1938 from Chamber, to the Commissioner of Labour, Bombay.

I am directed to refer to your letter No. L.O. 1618 of the 15th March 1938 and in reply to send to you hereby the views of my Committee on the above Bill.

My Committee have carefully considered the provisions of the Bill to regulate the Hours of work of Shop assistants and commercial employees and for certain other purposes. They recognise that the time has now come when the hours of work for shop assistants may well be regulated by the State. The Bill in question proposes to go a step further and to include commercial establishments in its scope so that all the clerks engaged in such establishments will also *ipso facto* come under the purview of the Bill. My Committee, however, have come to the conclusion that commercial establishments should be excluded from the scope of the Bill and hope that this suggestion will be accepted by Government. With regard to shops, persons who are employed in shops or peddis and provided with boarding and lodging arrangements by the employer himself should be excluded from the provisions of the Act. The conditions of work in shops or peddis are such that the employee, while he may be throughout or for long hours in the premises where the shop or peddi is run, is not all the time actively engaged in doing work. Limitation of hours of work will introduce complications in the methods of work in such establishments and cause avoidable inconvenience and hardship both to the employer and the employee. While therefore, my Committee recognise the necessity for the regulation of hours of work they, at the same time would like to bring to the notice of Government the diffi-

culties that are to be met with in the practical operation of such a legislation.

Clause III

The provisions of the Bill should not apply to establishments run by members of the same family. "Persons employed" in such cases, being the relatives of the employer himself, the latter can be expected to look after the health, comforts and conveniences of the employee.

(ii) Commercial Establishments.

My Committee are of opinion that the Bill should not apply to commercial establishments. The working hours in such establishments have not given any cause for complaint or hardship and no case exists for introducing statutory limitations for hours of work there. They, therefore, strongly recommend that sub-clause (ii) of Clause III be deleted.

They also recommend the addition of a second proviso to Clause III to the following effect :

> "And provided nothing in this Act shall apply to drivers or attendants on vehicles pertaining to any such establishment."

Such an exclusion is necessary, as otherwise considerable practical difficulties would be felt in regulating the hours of work of this type of employees.

Clause IV—Definitions

(*a*) **Shop.** The definition of the term "shop" is uncertain and indefinite. My Committee are of opinion that offices or establishments where merely contracts for the sale of goods are effected, but goods so sold are not delivered at that place, should be excluded from the definition.

(*b*) **Commercial Establishments.**

My Committee have in their remarks on Clause III desired the exclusion of "commercial establishments" from the scope of the Bill; consequentially sub-clause IV (*b*) be deleted.

(*c*) For the same reason the words "commercial establishment" in this sub-clause should also be deleted.

(*d*) (*ii*) Similarly this sub-clause should also be deleted.

(*e*) My Committee would suggest that the age limit for being treated as a "child" for the purpose of the Act should be 12. Otherwise, quite a large number of children will find their hours of work unduly limited with the inevitable shrinkage in their earnings. Again as "young persons" under the next sub-clause they would not in any case be permitted the full working hours prescribed for an adult.

(*f*) The definition of "young person" should, in consequence of the change suggested in (*e*) be changed. My Committee further suggest that the upper age limit should be raised to 18, viz : the age at which a person legally attains majority. Thus a "young person" should mean one who has completed his 12th year but has not completed his 18th year.

Clause V

The maximum number of hours of work should be increased to 11 per day or 65 hours in a week exclusive of meal time. It must be remembered that this sort of regulation of hours of work for shops and commercial establishments is altogether a new feature in the commercial life of this country and to fix up the hours of work at once at 9 per day will mean dislocation of business to a very large extent. My committee, therefore, hope that Government will accept the limit of 65 hours a week or 11 hours per day. Moreover, if working hours are unduly restricted, it may result in reducing the salary or remuneration of the employees concerned as the additional expenditure incurred by the employer by making alternative arrangements will, to a large extent, have to be set off by corresponding reductions elsewhere. My Committee, therefore, suggest that the clause be amended as under :—

> "No person shall be employed in a shop for more than 11 hours in any one day or 65 hours in any week, exclusive of meal time."

Clauses VII & VIII

These clauses should be deleted, as my Committee have already recommended the exclusion of commercial establishments from the ambit of the Bill.

Clause IX

Here also the daily working hours should be increased to 11 with the alternate provision of a maximum of 65 hours in a week.

Clause XI

The proviso to this clause should be deleted. The provision for intervals for rest is a sufficient safeguard and no further restrictions regarding the manner and method of giving such intervals are necessary. Moreover, in practice the requirement in the proviso would lead to practical difficulties in the matter of keeping records of such intervals.

Clause XII

The periods of spread over in this clause should be increased to 15 and 16 respectively to fit in with the increased number of hours of work suggested by my Committee.

Clause XIII

The reference to commercial establishment in this clause be omitted as a consequential change.

Clause XIV

My Committee are opposed to the provision in this clause. Under Clause XIII the granting of 52 holidays in a year to be spread over at the rate of 4 in a calendar month is ensured ; this will be over and above any holidays which the employers may be giving as privilege leave. A further provision requiring the grant of holidays under the Negotiable Instruments Act, or compensatory holidays in lieu thereof, will prove to be a great burden on the employer. Shops by the very nature of their business have, to suit the convenience of the public and the customers, to be kept open on such holidays. My Committee, therefore, submit that the provisions for 4 holidays in a month is fair and equitable and that any extra

obligation on employers in regard to bank holidays should not be imposed.

Clauses XX & XXI

The reference to commercial establishments should be omitted.

Clause XXII

My Committee are of opinion that the duty of both enforcing the Act and supervising it should rest on Government and not on the Local authorities. Enforcement and supervision of the Factories Act have always been recognised as the duty by Government and there is no reason why this duty in the case of shops and other establishments should devolve upon Municipalities and other local authorities. It is seen that in the case of Austria, Czechoslovakia, Hungary and the like European countries where such a legislation is in force, the duty of supervision and enforcement is recognised by Government as their own function.

Clauses XXIII & XXIV

The reference to "Local authorities" in the clause should be omitted, having regard to the comments my Committee have made on Clause XXII.

Saving

The working of the Act may bring to light difficulties in practical application of its provisions ; it may also be found not possible to apply the Act to any establishment or class of establishment. To meet the requirements of such particular cases, it is necessary that Government should arm themselves with power to exempt any establishment or establishments from the provisions of the Act. It is, therefore, necessary to add a clause at the end of the Bill to the following effect :

> "Government may by notification in the local official Gazette make an exception in favour of any establishment or establishments or class or classes of establishments referred to in Section III or from keeping any records as prescribed in Section XXIII."

APPENDIX 85

Bill to provide for Punishment of Free or Compulsory Labour

Letter No. 377 dated 27th January 1938 from the Commissioner of Labour, Bombay, to Chamber.

I am directed to forward for your information a copy of a Bill* to be introduced by Mr. S. V. Parulekar in the Bombay Legislative Assembly and to inform you that Government themselves intend to undertake legislation on the subject on the lines of the Bill. I shall be glad therefore if you will please favour Government with your views on each of the several clauses of the Bill.

2. With regard to the exceptions enumerated in Clause (2) of the Bill I may state that it may be found necessary to extend the range of these by the addition of the following :—

(1) Services rendered by Criminal Tribes ;

(2) Work in Borstal institutions, Children's Homes, and the like ;

(3) Any Work or service exacted in cases of emergency, that is to say, in the event of war or a calamity or threatened calamity such as fire, flood, famine, earthquake, violent epidemic or epizootic diseases, invasion by animal, insect or vegetable pests and in general any circumstance that would endanger the existence or the well-being of the whole or part of the population.

3. The Bill as it stands provides that employment of labour would be considered free or compulsory when it is not paid in cash. According to present practice, however, there are certain services which are sometimes not paid for in cash. For instance, there are some traditional services to be rendered by tenants to landholders in consideration of certain privileges such as permission to allow cattle to graze, cutting firewood, etc. under the menace of a penalty, e.g. forfeiture

* Enclosure not printed.

of land. Moreover, there are cases in which village artisans and other classes of agricultural labour are sometimes remunerated partly in cash and partly in kind. In offering your opinions on the Bill I should be glad if you would let me know how far you think its introduction is likely to affect present rural economy.

4. A reply to this letter may please be sent so as to reach this office by the 20th February 1938 at the latest.

Letter No. 545 dated 17th February 1938 from Chamber, to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. 377, dated 28th January 1938, on the above subject, and to inform you that the Committee of this Chamber are in general agreement with the views of Government on the question. They should like, however, to draw your attention to the fact that Clauses 5 and 6 as they stand in the proposed Bill appear to be inconsistent with Clause 3 thereof. Clause 3 lays down that "whoever takes or attempts to take or abets the taking of free or forced or compulsory service of any manual labour from any person shall be punishable with a fine of Rs. 500 or imprisonment which may extend to one month or both." Clauses 5 and 6, however apparently allow such free or forced or compulsory labour and only regulate the hours and the payment to be made. My Committee hope that Government will remove the apparent anomaly or make it clear as to the exact application of clauses 5 and 6.

APPENDIX 86

Interim Report of the Textile Labour Enquiry Committee

Letter No. 697 dated 2nd March 1938 from Chamber, to the Commissioner of Labour, Bombay.

The Committee of this Chamber have considered the *interim* Report of the Textile Labour Enquiry Committee, 1937-38. When representatives of my Committee, with representatives of the Bombay and Ahmedabad Millowners'

Associations and the Bombay Chamber of Commerce, interviewed the Hon'ble the Prime Minister sometime back, they conveyed to him their view that it was advisable that there should be some persons with a judicial bent of mind and training on the Enquiry Committee, and also that it was not proper to include in the terms of reference an instruction to issue an interim report with regard to increase in wages. Any report on the present labour conditions and wages should be comprehensive, and issuing of an interim report would ultimately vitiate the findings with regard to the whole report. Unfortunately, the contention of my Committee and of the other bodies with regard to this issue was not accepted and an interim report has now been issued by the Textile Labour Enquiry Committee. The fears entertained by my Committee regarding an interim report have, if they may say so, been justified by the manner and method in which the interim report has been issued and the conclusions reached.

2. The trend of the whole report appears to be more that of an advocate than of a judicial tribunal. The Enquiry Committee somehow or other felt that the mill industry was prospering and an increase in the wages should be at once given to the labourers and every chapter is intended to prove this prosperity. The facts and figures are taken only from recent times, say even practically the last six months or one year. An attempt has been made to show how the prices of cotton piecegoods have risen higher ; how the consumption of Indian raw cotton in Bombay and dispatch of goods from Ahmedabad and Sholapur reveal the continued increased activities ; how the cotton prices have fallen down and even the night shifts have been taken into service to show the growing prosperity of the Mill industry. Then come commissions and disbursements for shareholders and agents. Taking all these facts and figures in a hurried survey, the Enquiry Committee have come to the conclusion that the cotton textile industry of the City and the Presidency is prospering and that looking to the cost of living, etc. labour was not getting its due, and so the conclusion is reached that the industry can easily afford to pay more to its labour. There are several snags in the method of calculation. Thus, for instance, with regard to the

fall in the prices of cotton the Enquiry Committee estimate that the price level for Indian cotton this year will rule about 20 per cent. lower than in previous years and that for foreign cotton it will be about 15 per cent. less than the level of the previous year. These estimates are, in the opinion of my Committee, not correct. They consider that the prices of Indian cotton may at the most be lower by about 15 per cent. and foreign cotton prices may be lower by a much higher percentage.

3. This disparity between prices of Indian cotton and foreign cotton may lead to a greater use of foreign cotton to meet the situation arising out of the increased manufacturing costs consequent upon the increased wage level. In this connection, my Committee would like to bring to the notice of Government that the Enquiry Committee did not properly examine all the implications of the present economic prices of cotton. Their report was signed on 11th February 1938. Long before that, however, i.e., from 9th October 1937 there has been distinctly perceptible, a tendency for cotton to rise. On 9th October 1937 Broach, April-May 1938, touched Rs. 152/4 ; on 9th November it rose to Rs. 156/8 ; on 9th December to Rs. 164|8 ; on 10th January 1938 to Rs. 175|4 ; on 9th February Rs. 175/- and on 23rd February Rs. 181/8. In this connection, it is interesting to read, among others, the following two cablegrams regarding cotton prices from foreign countries :—

> "With nearly seven million bales in loan and prospects of drastic reduction in 1938 acreage bullish sentiment is increasing".
>
> "Reduction in actual and prospective supply resulting from heavy loan deliveries and expected cut in 1938 acreage, the farmers have no incentive to sell their cotton with loan and C.C.C. facilities behind them".

What my Committee want to point out is that there is a regular bullish sentiment in the prices of cotton and that cotton as such cannot be depended upon for any calculations the Enquiry Committee or Government may make with re-

gard to the so-called prosperity of the cotton textile industry. Cotton is reputed to be an uncertain factor with regard to its prices and naturally so, as these prices depend upon so many factors, political, geographical and physical. Even if there is a slightest rise in the price of cotton over that estimated by the Enquiry Committee, it will mean a definite loss in the earnings of the mills, and all the calculations of the Enquiry Committee will be upset. Are then the Enquiry Committee justified in recommending the increases in wages on the support of factors like these ?

4. There is also the factor of the prices of cotton piecegoods. After showing the downward trend of the prices of cotton piecegoods on page 76, they in paragraphs 104 and 105 point to a stronger sentiment and higher prices for the same, making this again as one of the bases for their recommendation for an increase in wages. My Committee are afraid that with regard to cotton piecegoods also, we cannot be sure of a continuance of any healthy sentiment. In fact, it may be that some of the very factors which at present go to show apparent prosperity may lead to a depression in prices. Overproduction is a factor with which an industry has always to count, and it is not improbable that the shadow of overproduction may haunt the cotton textile industry before long.

5. Whenever the general economic condition of an industry is to be considered, a survey must be taken not only of a few months but of several years, and the factors to be taken into account cannot be so simple as the Enquiry Committee have tried to assume. The present is always determined by the past, and the conditions which existed in the recent past with regard to this industry, the heavy and relentless competition it had to meet with both from Japan and Lancashire ; the successive demands for protection and the quota of protection given—all these factors are to be borne in mind when the prosperity or otherwise of the industry as regards the present has to be determined. The cotton textile industry of Bombay and the Presidency did not stand by itself on a Robinson Crusoe island. Its biggest competitors are both in the East and West ; and any scheme which, with

a reformist zeal, would give with both hands, but would neglect this outside competition, would inevitably lead not only to a decline in the prosperity of the industry but might even threaten its ruin. Let alone the foreign competition. It needs to be examined how the local industry stands vis-a-vis the industry in the rest of the country, as it is not known whether there will be any effort to standardise similarly wages for the industry in other provinces, as otherwise, the competitive capacity of the industry of the Presidency will be very much jeopardised. It must be borne in mind that the Government of Bombay, while they are charged with looking to the interests of Labour, are no less charged with the function of looking to the interests of the industry, which is the premier industry of the City and the Province for the last half a century and which has proved the basis of the leading position the Bombay Presidency enjoys and occupies in the whole of India. Bombay as *Urbs prima in Indis* and the Bombay Presidency as the Premier Province, are not due to any figment of imagination, but their rise to the cotton textile industry.

6. The recommendation of the Enquiry Committee to increase the wages for Bombay, Ahmedabad and Sholapur by a certain percentage will place the industry here in a very difficult and unenviable position vis-a-vis the industry in the rest of British India, let alone the Indian States. There is practically no labour legislation in the Indian States and the conditions of working there do not provide any checks or safeguards for labour. My Committee have noted with extreme regret that the Enquiry Committee have practically taken no count of the conditions in other provinces and have pushed on with their recommendations as if the industry stood alone.

7. My Committee are informed that the increases in wages recommended by the Enquiry Committee and approved by Government will, if accepted by the cotton textile industry, mean an increase in wages by Rs. 1,10 lakhs for the whole of the Presidency per annum. Surely, this is an extra burden to be borne by the industry, and my Committee may

be excused if they feel reluctant to bless such a burden upon the premier industry of the Province. In this connection, they specially take note of the other factors which have recently been introduced or are being introduced to increase the general costs of the industry. Thus, for instance, the proposals of Government regarding Sickness Insurance, Holidays with pay, etc. will, it is estimated, inflict a burden on the industry of about Rs. 45 lakhs per annum. In fact Government in their communication to the Chairman of the Enquiry Committee, dated 30th December 1937, No. 693/34 B, published as Appendix D to their report, distinctly stated that they had under contemplation introduction of legislation for certain sickness and old-age benefits which might if accepted by the Legislature, entail an additional three to four weeks' wage bill. Again, the present report of the Enquiry Committee is only an interim one and my Committee do not know what further recommendations may appear in their final report proposing levy of additional responsibilities on the textile industry. Surely, the Industry is not in a position to bear all such burdens and the only result, my Committee fear, will be that the industry, which is at present a leading contributory to the position of the Bombay Presidency, will go to the wall. My Committee, in their communication to Government dated 1st December 1937, No. 3296, observed that if the effect of all the legislation proposed by the Government of Bombay was merely to add to the burdens of the industry, there will be no hope left for the same, specially as Provincial Governments had not it in their hands to give any protection to industries in their Provinces. My Committee beg to repeat this again at this place, as it is surely an anomalous position which has been created that the Provincial Government which have no power for giving any redress to the industry, or taking any steps for its betterment and progress, are proposing to saddle it with burdens under which, it is apprehended, it will be crushed.

8. My Committee are surprised to read in paragraph 127 of the report, an *ex cathedra* opinion of the Enquiry Commitee that " It is this betterment—the result of a general trade recovery which we consider should normally last for some-

time—that is the true basis of our recommendations". While some of the leading economists in the world are afraid that another big period of depression is coming on and while as a matter of fact some Governments are already trying to meet the crisis whenever it comes, a responsible Committee like the Bombay Textile Labour Enquiry Committee are labouring under a misplaced optimism when they say that the general trade recovery should normally last for sometime.

9. My Committee are afraid, as they have already remarked, that the Textile Labour Enquiry Committee have not properly diagnosed and appreciated the various economic factors which at present affect the cotton textile industry and other industries. While they seem to be optimistic that the textile industry has got palmy days before it, it must not be forgotten that over-production is also a likely factor which may lead to a crash in prices and there may no longer be any profit going round. The industry then will be faced with a big problem of the disposal of stocks, both old and new.

10. It is only recently that the export trade in piecegoods from Bombay has been revived as will be seen from the following figures :—

Export of cotton piecegoods from Bombay

(In lakhs of Rupees)

1927-28	3,89	1932-33	1,01
1928-29	3,17	1933-34	81
1929-30	2,57	1934-35	93
1930-31	1,76	1935-36	1,18
1931-32	1,86	1936-37	1,49

The Bombay export trade in piecegoods was very much hard hit after the War, and was not able to show any revival upto recently. It would be extremely imprudent and impolitic to place any handicaps and impediments in the way of such a revival as would react most unfavourably on the local industry. My Committee have complained and protested strongly in the past against the sins of omission and commission of the foreign Government which, for reasons now well-known, continued to levy the Excise Duty on cotton piecegoods for a

very long time despite the practically unanimous protest of the whole country, and refused to give a substantial protection to the cotton textile industry and even now is doing next to nothing for providing facilities for not only the textile industry but other industries, with the result that India as an industrial country has to suffer considerably. It is extremely regrettable that my Committee are placed in the position of being obliged to protest not against any policy of a foreign but against the policy of our national government which bids fair to threaten the prosperity and progress of the pristine industry of the Province.

11. It would be pertinent to point out that the burden on the industry of the kind proposed would be one which would be welcomed by the textile interests of Lancashire and by our other foreign competitors.

12. My Committee have here dealt with the broad aspects of the problem. The problem, however, has got several details also, with which they do not at present propose to deal, as the Millowners' Association of Bombay and Ahmedabad, which are bodies the most concerned, with this question, will naturally deal with them.

13. In every view of the case, my Committee are definitely of the opinion that the recommendations of the Textile Labour Enquiry Committee are not justifiable and will react adversely on the position of the Industry.

APPENDIX 87

Definition of Wages under the Payment of Wages Act

Letter No. 217 dated 22nd January 1938 from Chamber, to the Secretary to the Government of India, Department of Labour, New Delhi.

The attention of the Committee of this Chamber has been drawn to a circular issued by the Chief Inspector of Factories, Bombay Presidency, dated 26th November 1937, as per copy enclosed.

2. Doubts have been raised in the minds of some industrialists whether the interpretation of the term "wages" therein is in conformity with the definition of "wages" in the Payment of Wages Act. The circular suggests that any bonus that may be offered by an employer for good attendance, good work, good production, etc. becomes payable whether the conditions governing the earning of the bonus are fulfilled or not and the amounts of such bonus should be taken into account in computing the wages. It is true that in the definition of wages in the Act a reference is made to bonus, so as to include it within the meaning of the term ; but the point at issue is whether such bonus should be included irrespective of the terms of contract of employment, express or implicit, being fulfilled. From the very nature of the conditions imposed the amount of such bonus becomes payable only when the conditions attached to it are fulfilled. Thus, if there is a bonus for good attendance for a prescribed number of days or for production above a prescribed limit, such bonus can be said to have been earned only if and when the conditions are fulfilled. My Committee believe, that the interpretation sought to be given by the Chief Inspector of Factories that the amounts of such bonus are payable as a matter of course, is stretching the meaning of the reference to bonus in the definition to an extent not contemplated by the Legislature.

3. In the Payment of Wages Bill, as originally introduced, there was no reference to bonus in the definition of wages, but the same was subsequently added when the Bill emerged from the Select Committee of the Lgislature. It would, therefore, be necessary to enquire whether contingent payments of the kind were intended to be brought within the scope of the definition.

4. If the interpretation of the term as circularised by the Chief Inspector of Factories, according to Government, is correct, my Committee wish to submit that an amendment of the definition of the term "wages" in the Act is necessary, so as to restrict its application to bonuses and payment of a contingent kind which become payable only on the prescribed

conditions being fulfilled. In this connection, they are advised that in the definition wages under the English Law, there is no reference to bonus. Wages is defined under the English Law, known as Truck Acts, as—

> "Any money or other thing had or contracted to be paid, delivered, or given as a recompense, reward, or remuneration for any labour done or to be done, whether within a certain time or to a certain amount, or for a time or an amount uncertain, is deemed to be the wages of such labour."

My Committee see no reason why the definition in the Indian Act should include bonus, which is optional. Moreover bonus means en *ex-gracia* payment made at the discretion of the employer and it is in order to encourage good and honest service that such payments are made. If bonus is made a part of the compulsory payment like ordinary wages the very object of it will be lost.

5. According to my Committee such an amendment is in the interests of Labour itself, the safeguarding of which is the object underlying the Act. If the discretion inherent in the employer in regard to payment of such bonus is removed, there is the possibility of the employer being constrained to discontinue such contingent payments which are being made specially for increasing the efficiency of Labour. Thus, the system of bonus may come to be altogether removed, with the result that the law, in its anxiety to see that the bonus is paid equally to the good and bad worker, will bring about conditions in which even a good worker is denied this benefit.

6. My Committee, therefore, suggest that Government should examine this aspect of the question and bring about an amendment of the term "wages" on the above lines, if, in their opinion, the said term covers optional or conditional payment even in cases where the prescribed conditions are not fulfilled.

Letter No. 13068 dated 14th February 1938 from the Secretary to the Government of India, Department of Labour, to Chamber.

In reply to your letter No. 217 of 22nd January 1937 I am directed to say that the Government of India do not consider that the amendment of the Payment of Wages Act proposed in your letter should be made.

2. As your letter observes, the definition as originally drafted contained no reference to bonuses and this reference was added by the Select Committee of the Legislative Assembly. Your letter adds "It would, therefore, be necessary to enquire whether contingent payments of the kind were intended to be brought within the scope of the definition." As regards the intention of the Select Committee, their report is clear. In dealing with this definition, they wrote :—

"It seemed to us that in its original form it would have made it possible for an employer to circumvent the provisions relating to deductions by attaching conditions to the payment of wages, in whole or in part, and forfeiting substantial sums for non-fulfilment of such conditions. Our revised definition is designed to include in wages everything which the workman would receive if he fulfilled all the conditions while section 7 ensures that deductions for non-fulfilment of the conditions or for other reasons, are limited to those permitted by the Bill".

The interpretation given by the Chief Inspector of Factories, Bombay, would appear to be generally in line with this intention.

3. The Government of India understand from your letter that your Committee wish bonuses to be excluded from wages for the purposes of the Act, and the intention apparently is to treat as a bonus any payment which is optional or which is contingent upon the fulfilment of certain conditions. If a payment is purely optional, i.e. if in no circumstances can an employee establish a legal claim to it, it would not appear to the Government of India to be included within the definition as it stands, because its payment would not be included in the terms of the contract.

4. On the other hand, payments which are contingent on the fulfilment of certain conditions include practically all remuneration, for there is normally no payment to which some conditions (e.g. presence at work, performance of work) are not attached in practice. It is not clear how your Committee propose to distinguish, apart from nomenclature, between wages and bonuses; and even if a distinction were devised, the result in the absence of safeguarding provisions would probably be to encourage employers to increase bonuses at the expenses of wages. I am to point out in this connection that although the British definition you cite does not include the word "bonus" it does not operate to exclude bonuses altogether. Similarly the Indian Workmen's Compensation Act contains no reference to bonuses; but these count with other wages towards the assessment of compensation. The Government of India are inclined to the view that the addition to the definition in the Payment of Wages Act of the reference to "any bonus or other additional remuneration of the nature aforesaid which would be so payable" has little effect beyond that of clarification, and that their exclusion would leave the definition substantially unaltered.

5. If your Committee, after considering this letter, still feel that an amendment is required, it would be more convenient to the Government of India if you would forward your views to the Government of Bombay for forwarding to the Government of India, as that Government will be in a position to review the matter in the light of conditions throughout the province.

APPENDIX 88

Fixation of Pay Days for Small Factories

Letter No. 2198 dated 30th July 1938 from Chamber, to the Commissioner of Lobour, Bombay.

The Committee of this Chamber are informed that you have issued circular letters to all the big and small factories advising them that Government propose to adopt in connection with the enforcement of its policy of prohibition a mea-

sure for closing of liquor shops in the Bombay city for two days every month, these days being the principal monthly pay day and that after. While my Committee have the fullest sympathy with the programme and policy of prohibition, they should like to invite the attention of Government to some difficulty in the way of factories employing less than 1000 men. The pay day of these factories falls at present on the 7th of the following month. You have now asked them to alter the pay period from the calendar month from 4th of one month to the 3rd of the other, so that the period of seven days after the end of such period may fall on the 10th. My Committee are advised by several factory owners that this proposal will entail a good deal of difficulties on account of their being obliged to go in for calculations of different sorts. While there will be the regular pay period from 4th to 3rd, there will be several bills for payment which are accruing for the calendar month as such. The result will be that the factory owners in order to get their cost and other figures will encounter a good deal of difficulty. My Committee therefore suggest that the Government of Bombay should approach the Government of India with a request that the pay day for factories employing less than 1000 men should also be fixed within 10 days from such period as in the case of larger factories. If both the smaller and larger factories are placed on the same basis, and there is apparently no valid reason why they should not be, there will be no difficulty experienced with regard to the closing of liquor shops on the 10th and the day following. This will entail an amendment of Section 5 (1) of the Payment of Wages Act and this can be done by a small amending Bill in the ensuing session.

APPENDIX 89

Application of the Factories Act to Smaller Units

Letter No. 157 dated 10th January 1938 from Chamber, to the Secretary to the Government of Bombay, Political and Reforms Department, Bombay.

By a notification issued on the 8th November 1937, No. 1822 Political and Reforms Department, the Government

of Bombay have extended the application of the provisions of the Factories Act, 1934, to specified classes of premises whereon or within the precincts whereof a manufacturing process is carried on under certain circumstances, with or without the aid of power. The object of the notification apparently is to apply the Factories Act to smaller manufacturing units to which it was not previously applicable. My Committee have received complaints that the said action of Government would bring about difficulties in the way of such factories. These factories represent small industries and the general condition of such industries is far from being prosperous. At such a time the imposition of additional obligations as contemplated in the notification, is bound to affect them and to accentuate their difficulties.

2. India is still in a very backward state re : industrial development. The fillip given by the Swadeshi spirit brought about the existence of some small industries in the country ; but they are still in a state of infancy. It has been the avowed object of the Government of Bombay to promote industrial development within the Presidency and particularly cottage and small scale industries. It was, therefore, the natural expectation that with the coming into power of the popular government such industries would get the fostering care of Government in a manner which would enable them to consolidate their position.

3. On the other hand, the imposition of the additional obligations implied in the decision to extend the application of the Factories legislation to such smaller units will, my Committee fear, bring about a set-back in regard to the progress and development of such small industries. Thus, for instance, the Act is to be applied to bakeries, leather factories, printing and binding establishments, cloth weaving and dyeing, metal works, brick making, saw mills, oil mills, rice mills, etc. There are a number of such small scale manufacturing efforts in the Presidency, giving a living to thousands of workers. These industries are owned and financed by men with limited resources and in many cases such owners have not got the advantage of a liberal general education necessary to

enable them to understand the scope of, and requirements laid on them under, the Factories Act. It is, therefore, feared that the above action of Government will prove to be a burden on such small industries with disastrous effects on their future development and progress.

4. Moreover, the wording of Section 5 of the Factories Act to the effect that the notification would apply to factories in which on any one day of the preceding 12 months more than the prescribed number of workers were employed, introduces a retrospective effect to the proposed extension. Small factories, even if they are employing now less workers than the minimum prescribed, would have to conform to the requirements of the Act, if they had during the previous year employed more than the specified number on any one day. This will certainly prove to be a hardship and this aspect requires to be closely examined.

5. Government's objective in extending the scope of the Factories Act to such small industries obviously is the welfare of the labour employed in the same. It will, therefore, be not out of place to point out that, on the other hand, the step in question is bound to affect such labour adversely. In many cases, the work of such small manufacturing process is carried on on contract or piece-work basis, i.e. payment of stipulated amount of wages or remuneration on a definite turn-over. Limitation of the working hours and the concomitant restrictions will naturally affect the capacity of the labourer to turn out the required quantum of work necessary to enable him to earn the wages that he was ordinarily earning with the result that the earning of the labourer will be reduced and instead of any benefit accruing to him from the altered condition, he will find his economic condition worsened. Then again in manufacturing processes where the system of piece-work remuneration prevails, it is possible that the whole work may be given on contract to be done at the premises of the worker himself with the result that in the absence of a proper supervision and control, his efficiency may suffer and consequently the progress of the industry retarded. These are practical difficulties which have been placed before my

Committee by some of the small scale manufacturers and on closer examination Government will find them to be real and not imaginary ones prompted by the anxiety of factory owners to be exempted from the provisions of the Act.

6. Under the circumstances, my Committee feel that the decision of Government to extend the provisions of the Act to such small units is premature. They submit that the operation of the said notification should be suspended or held in abeyance and that in the meanwhile an educative campaign for the amelioration of the conditions of work in small industries should be conducted. After reviewing the effect of such a campaign Government can, at a later date, consider what further steps are necessary to attain their object of regulating the conditions of work in such smaller manufacturing units.

7. My Committee hope that Government will be pleased to consider the above suggestion and to stay the operation of the notification in question.

Letter No. 1822/34-2174-B dated 24th February 1938 from the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay, to Chamber.

With reference to your letter No. 157, dated the 17th January 1938, on the subject mentioned above, I am directed to state that the policy of the Government of Bombay is to extend to as large a number of industrial workers as possible the protection and benefits afforded by the existing social legislation and in any legislation that may be placed on the Statute-book in the future. While desiring to give every encouragement and assistance to Indian industries, both large and small, Government feel that it would be inconsistent with their duty, to those whose labour makes the existence of such industries possible, not to give them protection as regards safety, health, hours of work and other working conditions. I am to point out that it is not in the best interests of industry or of the people of the province that factories should be started unless humane conditions as regards labour can be given.

2. As regards the possible diminution in the earnings of workers owing to the reduction in hours combined with

the piece-work system, experience in the Textile Industry shows that a good deal of the loss can be made-up by extra effort. I am to add that the policy of Government includes, besides the physical welfare of labour, the setting up of machinery whereby workers are ensured a fair wage for the work they do, and that if because of the excessive hours previously worked, wages will be reduced when reasonable working hours are enforced, wages may have to be restored to a reasonable level either voluntarily by the employers or by the operation of wage fixing machinery.

Letter No. 854 dated 15th March 1938 from Chamber, to the Chief Secretary to the Government of Bombay.

The attention of the Committee of this Chamber has been drawn to a letter No. L. 3060, dated 6th September 1937, addressed by the Government of India, Department of Industries and Labour, to all the Provincial Governments on the subject of extension of the Factories Act to smaller units. From the last paragraph of the letter in question, it was intended that commercial organisations in the Presidency should be consulted in the matter. My Committee do not appear to have received any communication from the Government of Bombay in this connection. I am, therefore, directed to request Government to let my Committee know as to what action they have taken on the letter under reference from the Government of India.

Letter No. 1989/34-4490-B dated 24th March 1938 from the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay, to Chamber.

With reference to your letter No. 854, dated the 15th March 1938, on the subject mentioned above, I am directed to state that the Circular letter of the Government of India, Department of Industries and Labour, No. L. 3060, dated the 6th September 1937, was not circulated to public bodies in view of the fact that the proposals contained therein aimed at a very slight advance on the all-India Factory legislation and that the Government of Bombay has been making extensive use of its powers under section 5 of the Factories Act

to extend generally the provisions of the Act to the concerns mentioned in paragraph 4 of that letter. I am to add, however, that the Government of India were informed that the Provincial Government had no objection to the enactment of the legislation proposed by them.

Letter No. 1171 dated 13th April 1938 from Chamber, to the Secretary to the Government of Bombay, Political and Services Department, Bombay.

I am directed to refer to your letter No. 1989/34-4490-B, dated the 24th March 1938, and in reply to urge upon the Government of Bombay that in future in such matters they will be pleased, before expressing their opinion, to consult public bodies.

In this particular instance, the Government of India had specifically desired that "copies of this letter may be kindly forwarded to Associations of employers and employed and such other organisations and individuals as are likely to be interested in the matter". The object underlying such consultation by the Central Government for eliciting public opinion will not be fully served if the Provincial Governments in their turn did not acquaint themselves with the views of representative commercial organisations on questions of the kind.

Again, the reference in question concerned an amendment of the existing Factory legislation. The Government of India's letter particularly invited the views of the Provincial Government on two proposals, viz. (1) the extension of the provisions of the Act to factories employing 10 to 20 persons, and (2) the grant of power to extend the provisions of the Act by notification to factories employing less than 10 persons under certain circumstances. The second proposal contemplates an amendment of the factory legislation and it is but fair that before any such amendment is undertaken, public associations directly interested in the question should have been given an opportunity to acquaint Government of their views in the matter.

My Committee, therefore, submit that Government will be pleased to lay down that such references from the Central Government should invariably be circulated among public bodies for expression of opinion.

APPENDIX 90

Proposed Amendments to the International Convention for the Safety of Life at Sea

Letter No. 46-M.I/38 dated 4th April 1938 from the Under Secretary to the Government of India, to Chamber.

I am directed to forward copy * of an amendment to Articles 26 and 27 of the International Convention for the Safety of Life at Sea, 1929, proposed by the Norwegian Government and of a statement of the "motives" underlying the proposals. I am to request that the Government of India may be informed at an early date whether your Chamber sees any objection to the proposed amendment.

Letter No. 1635 dated 1st June 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed by my Committee to invite your kind reference to your letter No. 46-MI/38, of the 4th April, 1938, asking for the views of my Committee on the proposed Amendments to the International Convention for the Safety of Life at Sea, 1929, and to state that my Committee do not find any justification in the statement of the Organisations of Norwegian Seamen and Ships' Officers for making any alteration in Articles 26 and 27 of the International Convention for the Safety of Life at Sea, as suggested by them. My Committee feel that no case has been made out in reducing the existing tonnage limit of 1600 gross tons of cargo ships as mentioned in Articles 26 and 27 to which the compulsory installation of a Radio Telegraph is applicable to 1000 gross tons only. My Committee further wish to state that this

* Enclosure not printed.

matter was carefully gone into at the Safety Conference in 1929 and are of the opinion that it is wrong in principle to attempt such a radical change in the limit of the tonnage to which the various provisions of the International Convention apply in the manner proposed by the Norwegian Organisations. Unless a very strong case is made out justifying the installation of a Radio Telegraph on cargo ships under 1600 tons in all waters and unless it has received the support of several countries, it is not desirable to undo the good work done at the Safety Conference. My Committee are of the opinion that such radical changes should only be made by an International Conference, where all maritime countries should be properly represented. My Committee, therefore, regret that they cannot lend their support to the proposed amendments referred to in your letter.

APPENDIX 91

Hours of Work on Board Ship and Manning

Letter No. 2795 dated 20th December 1937 from the Shipping Master, Bombay, to Chamber.

I have the honour to forward herewith a copy of Draft Convention * concerning "Hours of Work on board ship and Manning" which was adopted by the 21st (Maritime) Session of the International Labour Conference held at Geneva in October 1936. A copy of an Agreement by the National Maritime Board on hours of work on vessels in the United Kingdom * is enclosed for your guidance. Your views on the Draft Convention may please be forwarded to this office as early as possible for communication to the Government of India.

Copy of Letter No. 88-M.11(7)37 dated 8th December 1937 from the Joint Secretary to the Government of India, to the Principal Officer, Mercantile Marine Department, Bombay.

I am directed to address you on the subject of the hours of work of Indian seamen.

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* Enclosure not printed.

2. As you are aware, the combined subject "Hours of Work and Manning" was one of the items placed on the agenda of the 21st (Maritime) Session of the International Labour Conference held in October 1936. That Session adopted a Draft Convention and a recommendation on the subject, copies of which are enclosed for information.

3. The question of the hours of work for seamen has in the past been the subject of International discussion on more than one occasion, and the Government of India have hitherto taken the attitude that Indian seamen should be given special treatment in the matter. The main reason underlying this attitude was that Indian seamen came into competition with European seamen, than whom, by reason of their inferior physique and lower level of education, they were considered to be less efficient, and consequently, if allowance were not made for this factor in such matters as hours of work and rates of pay, lascars would find it increasingly difficult to obtain employment. While making this claim for special treatment, however, the Government of India were alive to the fact that, in the interests of lascars themselves, it was undesirable that there should be too great a disparity in this matter between the conditions applying to Indian seamen and those applying to European seamen, and they have expressed their willingness, if the hours of work are reduced for seamen generally, to propose a reduction in the working hours of Indian seamen also, so as not to place them in a more favourable position in International competition relative to other seamen than at present.

4. The Government of India have carefully considered the question of the action to be taken on the Draft Convention and recommendation adopted by the Labour Conference. It appears to them that the provisions of the Convention have not been framed with due reference to the conditions in India and are not suitable for application to this country at present. The hours of work of Indian seamen are a matter of contract between shipowners and seamen unfettered by statutory regulations, and it is understood that Indian seamen do in fact work considerably longer hours than Europeans so that

the adoption of the convention would involve too drastic a change from existing conditions. Moreover, it appears that the convention is unlikely in the immediate future to be ratified by His Majesty's Government in the United Kingdom so that its adoption by India would have the effect of introducing for lascars shorter hours even than those applying to British seamen, with whom they mainly come into competition. In the circumstances, the Government of India are of the opinion that the adoption at the present time of the convention and of the recommendation which is complementary to it, is not in the interests of Indian seamen, and that accordingly the question should be postponed for decision until such time as His Majesty's Government adopt them and apply their provision to British seamen.

5. At the same time the Government of India feel that the time has come to attempt some regulations of the hours of work of Indian seamen, especially in view of their undertaking referred to above. They are advised that the hours of work prescribed for British seamen by the National Maritime Board Agreements are suitable for Indian seamen and might be adopted subject to suitable modifications, where necessary, without having an adverse effect on the opportunities of employment for Indian seamen. These agreements apply only to foreign-going ships (relevant extracts enclosed), and the Government of India think that their working will afford experience which might be useful in connection with the ratification of the Convention at a future date.

6. Before proceeding further in the matter, however, the Government of India would be glad to receive your views generally in regard to these proposals, after consultation with the Chambers of Commerce, Shipping Companies, Seamen's Union, etc., in your district.

7. The Government of India would further be glad to receive your suggestions in regard to (*a*) a suitable tonnage limit for the classes of ships to which the proposed regulations should be made applicable, and (*b*) regarding the scale of overtime wages to be applied to Indian seamen.

As regards (*b*), as you are aware, the wages of lascars are not regulated by law, but are left to be settled between employers and crew at the time of engagement. The overtime wage might therefore, suitably be expressed as a percentage of the regular wage.

8. I am to request the favour of an early reply.

Letter No. 1636 dated 1st June 1938 from Chamber, to the Shipping Master, Bombay.

In continuation of our letter of the 6th January in reply to your letter of the 20th December, and in reply to your letter No. 1360 of the 18th instant enclosing a copy of the letter dated the 8th December 1937 from the Government of India inviting our views on that letter and on the enclosures forwarded along with your previous letter, concerning Hours of work on board ship and Manning, my Committee have now to offer the following observations :

As regards the Draft Convention concerning Hours of work on board ship and Manning, which was adopted by the 21st International Labour (Maritime) Conference, the attitude of my Committee in regard to the desirability of adopting such a Convention, was clearly stated in their communication addressed to the Principal Officer, Mercantile Marine Department, in their letter No. 1173 of the 25th April 1936. My Committee would like to invite your attention to the following remarks made therein :

> "At the very outset, I may say that the Committee of this Chamber are always in sympathy with the legitimate grievances of workers on land as well as on sea. So far as, however, the questions under reference are concerned, it is curious that on the shipowners' side it was stated, in so many words, that the fundamental object of the International Labour Organisation was to diminish international competition by way of unfair labour conditions ; while on the other hand, it was equally emphatically stated by the Seamen's Group that the claims of International Regulations were based on humanitarianism and could not be determined solely by immediate economic

considerations. With these warring view points of the employers and the employees, my Committee find it very difficult to determine as to what would be the best course for the solution of the questions raised in the Report.

"Indian shipping has all these years been the victim both at home and abroad of unfair international competition and even if India agrees to raise the standards of labour as suggested imposing fresh burdens, it will not eliminate international competition specially from highly developed and/or subsidised shipping of the world. The object therefore of International Labour Convention of eliminating international competition will not be achieved and my Committee are, therefore, on these broad grounds, opposed to the inclusion of the questions referred to in your letter in an International Convention."

In view, therefore, of the views expressed in the above paragraphs and having regard to the observation made in the letter from the Government of India referred to above that they have no desire to ratify the Convention in the near future, my Committee do not consider it at all necessary at this stage to study the various provisions of that Convention and to offer their remarks in connection therewith.

My Committee, however, observe from the letter of the Government of India that Government are of the opinion that "Indian seamen should be given special treatment in the matter." In other words, my Committee take it that even if the International Convention regulated the hours of work of the seamen of the world, the Government of India desire that some special treatment should be given to Indian seamen and consequently they should be made to work for a longer number of hours, than the hours of work fixed for all seamen in the Convention. My Committee would like in this connection to invite your attention to the following remarks of Mr. Aftab Ali, Workers' Delegate from India, made at that Conference :

"The question of regulation of hours of work came before the Maritime Session of the Conference in 1920. At that Conference an exception was proposed in the

Draft Convention for excluding the Indian Seamen from its operation. Similar proposals were put forward at the Preparatory Meeting last year, when the Indian Employers' representative however raised an objection to the legal validity of such an exception. I have noted with satisfaction that the Government of India and other Governments have refrained on this occasion from reviving that proposal and I take this opportunity to express my gratitude to Sir Firoz Khan Noon."

My Committee understand that it was recognised by the last Maritime Conference that Indian seamen would be placed on the same level as the other seamen of the world in the matter of hours of work if and when the International Convention in regard to hours of work came into operation. The theory as regards the necessity of giving differential treatment to Indian seamen was given up by all concerned and neither did the Government of India's Delegate, nor did the representatives of British shipowners take any exception to the above quoted observations of Mr. Aftab Ali. My Committee cannot, therefore, understand this fresh move on the part of the Government of India to allow this theory of differential treatment for Indian seamen to be further exploited particularly on grounds which do not carry conviction.

It is stated in the letter received from the Government of India that Indian seamen are inferior to European seamen in point of physical strength and level of education and consequently they are less efficient than their European brethren. If that is a fact, my Committee feel surprised that the Government of India should give their support to the demand of the British Shipowners that Indian seamen with their poor physique should be asked to work for a longer number of hours than their European brethren. My Committee are really surprised to note that while on the one hand the Government of India want the Indian seamen to continue to work for a longer number of hours than European seamen so that they might retain their present employment, on the other hand they are anxious to see that they are not placed "in a more favourable position in International competition rela-

tive to other seamen than at present" so that they may not throw out other seamen out of their employment. My Committee cannot reconcile these conflicting views unless these have their inspiration from the anxiety of the Government of India to serve the interests of the British shipowners on whose ships Indian seamen have been mainly working for all these years.

My Committee would like to enquire if it can be seriously questioned that the Indian seaman in the Engine Room or in the Saloon Department is less efficient than his European Colleague. My Committee would like to state that an Indian steward can attend and does attend the same number of tables as his European Colleague, while as regards an Indian fireman, he will be able to give a better account of himself in the Engine Room than his European brother especially in tropical waters. My Committee would further like to add that it is recognised on all hands that Indian seamen are known for their sobriety, their docility and their regularity for work and it is these reasons which made the Commanders of British ships prefer to carry an Indian crew to a crew of British seamen, because they find by experience that man to man, the Indian crew gives them better, more regular and more useful service than the British crew. My Committee therefore feel that it is difficult to claim just as the Government of India have claimed either on the ground of poor physique or on the ground of efficiency of work that Indian seamen should be allowed differential treatment and should be condemned to work for a longer number of hours even if they are reduced for the seamen of the world by an International Convention.

As regards the opportunities of employment available to Indian seamen, my Committee do not think that the same are likely to diminish merely as a result of putting the Indian seamen on the same level as the British seamen in regard to their hours of work. On the contrary, the manner in which the labour of the Indian seamen has been allowed to be exploited has given rise to a strong feeling in England for restricting the employment of Indian seamen on British ships

and replacing them by British seamen on those vessels. My Committee, therefore, maintain that there is no justification whatsoever for the demand for the so-called special treatment to Indian seamen as regards hours of work—made apparently in their interest but really intended to benefit the British shipowners—which was given a descent burial at the last International Labour (Maritime) Conference and feel convinced that both equity as well as practical considerations demand that the Indian seamen should be placed on the same level in regard to hours of work as British seamen on British ships. My Committee would venture to add that the proper course for the Government of India to take in the matter of securing employment for Indian seamen, is to adopt a generous and effective policy of building up an adequate Indian Mercantile Marine so that Indian seamen can look to such Indian ships for further employment in the future.

Having regard to what has been stated above, my Committee do not propose to examine the question as desired in the letter from the Government of India, whether hours of work, as laid down in agreements made under the National Maritime Board for crews engaged in the United Kingdom on ordinary Board of Trade foreign-going articles, should be applied to Indian seamen with suitable modifications or not, but as Indian seamen on British vessels are engaged in India and as they are excluded from the collective agreements made in England under the National Maritime Board, my Committee consider it quite necessary that an Indian National Maritime Board for the settlement of such questions more or less on the lines of the National Maritime Board in England, should be established at an early date in this country. My Committee would further like to add that as questions regarding hours of work on board ship, wages, etc., in regard to Indian seamen are not regulated by law but are left to be settled between the employers and the crew at the time of engagement, it is in the fitness of things that an Indian National Maritime Board should be established to protect the rights and further the interests of Indian seamen.

The above reasons by themselves in the opinion of my Committee completely justify the necessity for the establishment of an Indian National Maritime Board, but when it is realised that a number of important questions under International Conventions are to be settled by collective agreements, they cannot help observing that the claims for the constitution and organisation of an Indian National Maritime Board in India are absolutely irresistible. My Committee will, therefore, be obliged if the Government of India would give their favourable consideration to this question forthwith and take early steps to constitute an Indian National Maritime Board so that not only can the claims of Indian seamen to be treated on a footing of equality in regard to hours of work with British seamen on British ships be fully safeguarded, but all the just and legitimate grievances of the Indian seamen in regard to their conditions of employment may be carefully considered and suitable steps to redress them may be taken by a careful and frank exchange of views between the representatives of the employers and themselves under the auspices and guidance of such a National Maritime Board.

APPENDIX 92

Sickness Insurance for Indian Seamen

Letter No. 1888 dated 19th July 1938 from the Shipping Master, Bombay, to Chamber..

I have the honour to address you on the subject, Protection of Seamen in case of sickness—" Sickness Insurance for Seamen ", which was one of the items placed on the agenda of the 21st (Maritime) Session of the International Labour Conference. That session adopted a Draft Convention on the subject. The *Labour Commission's* recommendations on the subject have since been examined by the Government of India in consultation with the interests concerned, and it has been decided that the starting of a sickness insurance scheme covering all classes of workers is not practicable for the time being.

The Draft Convention adopted by the 21st Session of the Labour Conference is designed to introduce a system of compulsory insurance for seamen wide in scope and providing for cash benefits as well as benefits in kind, to which both the insured persons and their employers would be required to contribute. After examination of the provisions of the convention the Government of India are of the opinion that the institution of a compulsory system of sickness insurance in India for the benefit of all seamen covered by the convention and the grant of cash and other benefits contemplated therein cannot be undertaken except as part of a comprehensive system covering all classes of Labourers. It is further thought that in view of the peculiar fact that most Indian seamen are part-time agriculturists and also in view of the prevailing illiteracy and unemployment among the seamen, the establishment of a compulsory system of insurance based on the provisions of the convention is not feasible at present, and that accordingly the convention cannot be ratified.

The Government of India are however in full sympathy with the principles underlying the convention and are desirous that the possibility of introducing some system of sickness insurance should be explored possibly for a particular class of seamen at special centres. The Government of India believe that it may be possible to provide at the principal ports like Bombay and Calcutta certain amenities through the institution of a small scheme of insurance offering limited benefits. The cooperation of the Shipping Companies from whom it may be necessary to levy contributions either in the form of periodical subscriptions or as a fixed fee at the time of discharge of the seamen will be essential in any such scheme. It is requested that your views may please be forwarded for transmission to the Government of India as early as possible.

Letter No. 2855 dated 13th October 1938 from Chamber, to the Shipping Master, Bombay.

I am directed by my Committee to offer the following observations in regard to your letter No. 1888 dated the 19th July on the subject of Sickness insurance for Indian Seamen.

My Committee at the very outset desire to point out to you that they have not been consulted after 1935 in connection with the recommendations of the Labour Commission regarding sickness insurance just as other interests, as mentioned in your letter, were consulted by the Government of India.

My Committee have carefully considered the reasons mentioned in your letter which have led the Government of India to come to the conclusion that India should not ratify the Draft Convention on Sickness Insurance for Seamen which was adopted at the International Labour (Maritime) Conference in 1936. My Committee observe that the part-time employment of seamen in agriculture and their illiteracy are the grounds on which the Government of India have based their conclusion. My Committee venture to submit that if the so-called illiteracy of Indian seamen does not come in their way to go as seamen to all parts of the world, it is hardly just to these seamen to state that they would not avail themselves of the benefits of a sickness insurance scheme if the same was evolved for their benefit on the alleged ground that they were illiterate.

My Committee note that the Government of India are anxious to evolve a scheme of sickness insurance for a particular class of seamen at a particular centre. My Committee consider it hardly fair that the benefit of a sickness insurance scheme should be limited to only a part of seamen and are sure that it would create considerable dissatisfaction and would lead to avoidable complications. Seamen of a particular centre and engaged on ships in a particular trade may not always remain there, but may remain as seamen and work as such in other trades and other places. My Committee are therefore of the opinion that any scheme of sickness insurance which may be evolved must deal with the seamen as a class. In absence, however, of proper details of a scheme which the Government of India may have in view, my Committee think that they cannot offer any useful or constructive suggestions at this stage, but my Committee would like to add that if a detailed scheme is sent to them for their consideration they

would give the same their earnest consideration and offer their views in connection with it. My Committee would like, however, to assure the Government of India that they are in full sympathy with the principle underlying the sickness insurance scheme and would support generally any well-thought-out scheme which is based on that broad principle.

My Committee understand that the Government of India are "in full sympathy with the principles underlying the convention" and are glad to note that the Government of India hold that "there is a possibility of claiming as right the contributions paid by owners of vessels registered in the United Kingdom on behalf of lascar seamen". My Committee wish to emphasise the fact that the largest number of Indian seamen are employed on British ships registered in the United Kingdom. It is well known that the British shipowners have to make certain contributions in regard to each of these seamen under the National Health Insurance Act, but not a penny out of such contributions is utilised for the welfare of Indian seamen, but that the entire sum is solely devoted to the benefit of British seamen. This aspect of the question was strongly emphasised at the last Maritime Conference and the injustice done to large classes of seamen employed by the owners of vessels in whose country they do not reside was clearly recognised. My Committee would like to bring to your notice the following pertinent remarks made by Sir Firoz Khan Noon, the Delegate of the Government of India at that conference on this subject. He observed :—

> "in my country nearly 95,000 workers are recruited every year as seamen in Bombay and Calcutta alone and most of these men work on foreign ships. Their rate of wages is only 1|3rd the rate paid to European seamen and I think it is upto the shipowners and employers in the West and to the Governments of European countries which employ Eastern seamen to do something on the ground of humanity for the helpless creatures who work for them so devotedly".

Even the Workers' Delegate from the British Empire sympathised with their cause and remarked :—

> "These seamen cannot wait indefinitely for universal sickness insurance to be adopted and in the meantime they must be protected by those who profit by their labour".

Now that the Government of India themselves have recognised that they can rightfully claim the contributions paid by the owners of the ships on which they are employed for the benefit of Indian seamen, my Committee trust that the Government of India will put forth their best efforts and secure as a matter of right these contributions for the benefit of Indian seamen whose service on British ships has been of enormous benefit economically and in other ways to British shipping. My Committee are convinced that not only will such a move be in the right direction, but the securing of these contributions will become a good nucleus on which a well-thought-out scheme for sickness insurance may be evolved in due course.

My Committee would like further to state that the present position in regard to the liability of the shipowners to give proper treatment to the seamen whom they employ both as to its extent as well as to the period upto which such treatment should be given, the shipowners' obligations as regards the period up to which wages should be paid to the sick seamen and the statutory obligations on the shipowners in this connection require careful examination as my Committee believe that much could be done in this direction to improve the lot of Indian seamen.

My Committee would like further to add that there is no accommodation particularly for Indian seamen to be treated as in-patients for venereal diseases in this City and that want of proper Hospital accommodation for Indian seamen is a grievance which requires early redress. My Committee understand that large funds exceeding the sum of Rs. 2 lakhs have been allowed to be accumulated out of the Hospital dues levied at Calcutta and contributed by shipping, while Indian seamen are allowed to go without proper Hospital treatment

and Hospital accommodation, although the payment of such dues by shipping has been specially made for the benefit of seamen. My Committee also understand that a leading Hospital in the City does not admit Indian seamen although it is maintained by the Government and receives substantial grants from semi-public bodies like the Bombay Port Trust. Now that the Government of India desire to evolve a scheme in regard to sickness insurance for Indian seamen, my Committee would urge upon them in all earnestness that all these just and long standing grievances of Indian seamen will receive their earnest consideration and early redress.

IV.—GENERAL—TRADE AND INDUSTRY

APPENDIX 93

Interview with Mr. M. Slade, C.I.E., I.C.S., Secretary to the Government of India, Department of Commerce

Speech of Mr. Gordhandas Morarji, the President, at the interview :

We are glad to have you in our midst today and on behalf of the Committee of this Chamber I extend to you a hearty welcome. My Committee had always in the past welcomed such occasions for an exchange of notes and they do hope that the present one will lead to a satisfactory solution of some of the questions that we are hereinafter raising.

Diamond trade and "Jangad" business

A recent communication received from the Government of India, through the Government of Bombay, to the effect that no amendment of the Sale of Goods Act is considered necessary by Government to clarify the position to regard to "Jangad" makes necessary a further reference to this issue today. The view-point of the commercial community, particularly the Diamond trade, has been succinctly placed before Government both by this Chamber and by various other trade Associations. Briefly stated the position is that in the trade the term "Jangad" constituted a mere "entrustment" and it was by custom accepted that the property in the goods concerned never passed to the middlemen or brokers. A judgment in the Bombay High Court in 1936 however disturbed this position and during the course of the same the learned Judge held that the term "Jangad" meant "sale or return" and that the Jangad transactions placed the parties in the relationship of a seller and buyer, i.e., Principal to Principal. Before the above judgment, if a middleman or a broker misused or misappropriated the property placed in his hands on "Jangad", or hypothecated the same, he was liable to be prosecuted and tried for offences under Section 406 of the Indian Penal Code. If the interpretation sought to be given

to the term "Jangad" in the judgment above referred to is to stand, such a remedy will not be open to the merchants whose goods have been misused or misappropriated by the broker to whom the same was given on Jangad. My Committee are aware that a subsequent judgment in the Bombay High Court has dealt with this matter in a slightly different way. Having regard however to the fact that the latter judgment was also confined to the facts placed before the Court on the occasion, a complete clarification of the legal issues involved has not yet been made. It is with a view to the point being settled beyond doubt that my Committee had suggested an amendment of Section 24 of the Indian Sale of Goods Act so as to embody in an unequivocal manner the interpretation of the term "Jangad". It is pertinent to point out that this matter was raised by my Committee at a meeting which they had with the Hon'ble the Commerce Member last year and they thought they had convinced the Hon'ble Member of the justice of the case presented to him. As a matter of fact the Member gave us to understand that the Government of India were undertaking an amendment of the Sale of Goods Act with a view to clear the position. The present decision of Government, therefore, has come to my Committee more or less as a surprise.

The Diamond trade of Bombay is a very important trade and caters to different centres spread all over the country. Any legal decision on the practice or custom of the trade, under such circumstances, will have ramifications of a far-reaching character. The goods on "Jangad" in this trade are likely to be taken to far-away up-country stations and if it is to be held that the broker or middleman concerned was in the relationship of a buyer, in case of misuse or misappropriation, the merchants concerned will be considerably handicapped and the remedies available to them under the Criminal Law cannot be invoked. My Committee, therefore, are strongly of the view that this matter deserves further consideration at the hands of Government and that the question should be reviewed with a view to necessary legislation amending the Sale of Goods Act being undertaken at an early date.

Indian Export trade to Iran

My Committee had occasion recently to address the Government of India on the question of the difficulties experienced by the Indian merchants in exporting goods to Iran and in receiving payments for amounts due from that country. Indian exports to Iran have been continuously deteriorating while imports therefrom have been greatly increasing in recent years ; thus the balance of trade has been against India. Such a state of affairs, my Committee had pointed out, was mainly brought about by certain action taken by the Government of that country under the Foreign Trade Monopoly Law of 1932. Under that law exchange is allocated in that country to finance imports in a manner which would encourage exports. Over and above this although India is supposed to enjoy a most favoured nation treatment with that country, the quotas fixed for Soviet Russia are more favourable than to India. As the above state of affairs has been caused by the action of the Government of Iran, my Committee feel that any effort at improving Indian export trade will be possible only by negotiations between the Government of India and the Government of Iran. My Committee wish to particularly point out that the export of Indian cotton manufactures to Iran have in recent years dwindled. Here also the fall can be traced to certain direct action by the Government of that country. The balance of trade position between the two countries would justify Indian expectations for a greater share of the Iranian market and my Committee feel that if the Government of India were to pursue the question vigorously with the Government of Iran, it would be difficult for that country to resist the claims of Indian trade for a fair treatment in the Iranian market.

Indian Export trade to Afghanistan

Similar difficulties have been experienced in regard to trade with Afghanistan. These difficulties may be classified under three heads, namely : (1) Difficulties arising out of the trade policy of the Afghanistan Government by virtue of certain trade monopolies ; (2) difficulties in the matter of securing payment for amounts due to Indian merchants be-

cause of certain restrictions on currency and exchange imposed in that country ; and (3) difficulties on account of restrictions on rights of Indians to carry on trade, etc., freely in that country. Regarding the first set of difficulties it would appear that the Afghan Government have abolished the system of monopolies, excepting in very few articles. As regards the second, it is reported that large amounts of money due to Indian merchants are lying frozen up in Afghanistan. Private estimates have placed this amount at Rs. 27 lakhs. Possibly the amount may be higher. Government will easily realise the hardship caused to Indian merchants by such large amounts of their credit being locked up in Afghanistan, the anxiety caused by the absence of any definite indication of the prospects of realising such claims and the fear of loss due to depreciation of Afghan currency. It is, therefore, necessary that Government should carry on negotiations with the Government of Afghanistan with a view to bring about a state of affairs under which the merchants concerned should be reassured. The third set of difficulties besides depriving the nationals of opportunities for trade, etc., involves also considerations of national self-respect and prestige and my Committee look to the Government of India to secure the removal of such restrictions.

Elective Principle and Indian Accountancy Board

The draft scheme for the introduction of the elective principle into appointments to the Indian Accountancy Board recently circulated to Provincial Governments and public bodies has come in for a good deal of criticism and in the opinion of my Committee rightly so. The so-called elective principle is hedged round by restrictions and limitations with the result that the election is neither free nor unfettered. The objections to the scheme are three fold. First and foremost it tries to introduce a system of communal representation in such professional bodies by reserving seats for a particular community and that by giving undue weightage. Secondly it divides the electorate into two classes and takes away the right to stand for election for a particular class. Thirdly the seats allotted for the representatives of business are to be filled

in by Government nomination. These three features cut at the very basic idea of the elective system. My Committee feel that if the scheme is to receive public approval, all the above objectionable features should be removed, and a scheme which would provide for a Board being elected from and by all Registered Accountants without any condition should be substituted. Representation for business interests should also in like manner be by Commercial Bodies recognised for the purpose.

While on this my Committee wish also to suggest that the distinction between Approved Accountants and Registered Accountants in force under the Accountancy Rules should be removed. This has proved vexatious and considerable dissatisfaction has been expressed regarding the manner and method of disposing of applications for being placed on the approved list.

Egyptian duties on Indian Textiles

My Committee had drawn the attention of the Government of India to the heavy increase in the rates of duties on textiles and yarns levied in Egypt effected as from April this year. My Committee had stressed the importance of preserving the export markets available for Indian yarn and textiles. In the case of Egypt particularly they had pointed out to certain special considerations which rendered it necessary that nothing should be done which would tend to reduce the volume of Indian exports of textiles to that country. India is an important customer for Egyptian cotton and it is but appropriate to expect that no undue burdens are imposed on the imports into that country from India. Again the type of yarn and textiles generally exported to Egypt from India are not the same as is produced in that country. It would appear that mostly yarn and cloth produced from short-staple cotton are sent by India to Egypt. It is therefore difficult to sustain any excuse for the Egyptian action to the effect that Indian textiles are competing with the products of the textile industry of Egypt. Furthermore the balance of trade position between the two countries is highly in favour of Egypt and it is reasonable to expect that the said position is not made more

adverse to India by any action on the part of the Egyptian authorities restricting Indian imports into that country. My Committee would like to know from you as to what action the Government of India have taken in the matter. They have seen reports that His Majesty's Government are actively pursuing the question with the Government of Egypt and that the matter is under consideraion so far as exports of textiles from United Kingdom to Egypt are concerned. It would be interesting to know if in the negotiations that are being carried on by His Majesty's Government, the case of India is also covered or whether United Kingdom is trying to get the duties reduced only for herself.

Before I conclude I must convey to you my Committee's feelings of regret at your decision not to discuss the other questions, viz., Trade Agreements between India and other countries and the Policy of the Government of India regarding Indian Coastal and Overseas Shipping, which they had suggested. These are important questions of topical interest and my Committee were anxious to have a full discussion on these two points.

With these words, Mr. Slade, I again welcome you in our midst today.

Mr. Slade in his reply observed as under :—

1. Jangad transactions and Diamond trade

He observed that Government had gone into this matter fully and the decision not to undertake an amendment of the Sale of Goods Act was taken on the advice received by Government from their lawyers. The views of the Provincial Governments were also ascertained, and it seemed that the law was reasonably clear. He pointed out that reports received by Government indicated that the trade practice in regard to 'Jangad' was not uniform and that it differed in different centres and again in different trades. The judgment of the High Court referred to was based on the facts of the individual case as presented to the Court and the result thereof did not necessitate a general revision of law. He referred to certain instructions issued by the Government of Bombay to

the Police that in regard to complaints about non-recovery of Jangad goods they should go into the facts of each case and should wherever necessary or justified invoke the remedies available under the criminal law. In view however of the further representation which the Chamber had made he promised to get the matter re-examined and see if any further clarification of the legal position was possible.

2. Exports to Iran

The trade position between the two countries would present a different picture, if the item of oil was taken out from the imports into India from that country. The Government of Iran had always claimed that oil should not be included in arriving at a balance of the trade advantages between the two countries. Again, there was the item of overland trade, not included in the trade figures, which made the balance more favourable to India. Regarding exports of piecegoods, efforts at indigenous production in Iran were being pursued, a factor which must be taken into account and against which India could not entertain any grievance. It was however possible to expect some relief from Japanese and Soviet competition. The agreement with Soviet Russia was due to be revised shortly and there were indications that any new arrangement might not continue for that country its present position of advantage. On a review of all the relevant considerations, Government felt that it was not possible to take any direct action in the matter.

3. Trade with Afghanistan

He pointed out that Afghanistan being an independent country must be conceded the freedom to take such action as might be considered necessary by the Government of that country to improve its economic condition, whatever be the effect of such action on countries like India. Government were not at present engaged in any trade negotiations with Afghanistan but were in constant touch with the position. Regarding blocked credits, he observed that according to Government's information these represented advances in connection with the fruit trade. With the introduction of the

fruit monopoly the advances could not, as was the intention, be realised by supply of fruits. The fruit monopoly however had broken down and had been officially abolished. With the restoration of more normal conditions in that trade, Government hoped that all these advances would be realised. The exchange control in Afghanistan was mainly with the object of getting for the Government of Afghanistan the foreign exchange, resulting from the trade in lambskins (Karakuli) and there was nothing in the actions of that Government which discriminated especially against India.

4. Accountancy Board and Elective Principle

He observed that the whole scheme was tentative and would be examined in the light of the suggestions and criticism made by the Chamber and various other commercial bodies.

5. Egyptian Duties on Indian Textiles

He stated that as soon as the changes in rates were effected, the Government of India made representations to the Egyptian Government, through His Majesty's Government. Later, the Hon'ble Sir Zafrulla Khan, the Commerce Member, when he was in London in connection with the Indo-British Trade negotiations had occasion to discuss this matter with the Egyptian Prime Minister, who was also in London, at that time. The Egyptian Prime Minister promised to consider the matter but Government had heard nothing further.

Mr. Slade added that his reluctance to discuss the two questions, viz. (1) Trade Agreements, and (2) Policy of the Government of India regarding Indian Shipping was because he felt that in view of their importance these were matters which should be discussed with the Commerce Member.

Mr. Sarabhai Prataprai drew the attention of Mr. Slade to the researches conducted at the Dehra Dun Institute regarding manufacture of pulp and to the insufficient results obtained so far. He suggested that the matter should be more actively pursued and that if necessary a foreign expert should

be secured for completing successfully the researches in this regard.

Mr. Slade promised to take a note of the same and to pass it to the proper quarter.

Mr. Sarabhai also drew the attention of Mr. Slade to the reports about experiments regarding manufacture of artificial silk being conducted under the aegis of the Industrial Research Bureau. As the results were disappointing he suggested that the matter should be vigorously pursued.

Mr. Slade promised to have the matter looked into.

Mr. Sarabhai next referred to the removal of the revenue surcharge on the duty on paper and observed that as the same tended to reduce the margin of protection to the Industry it was to be deprecated.

Mr. Slade however pointed out that the decision to remove the surcharge was made on the recommendation of the Tariff Board and that the surcharge was at no time intended as a measure of protection to the industry.

APPENDIX 94

"Jangad" Business in Diamond Trade

(Refer previous correspondence—Annual Report for the year 1936.)

Letter No. 5396/2-III-B dated 31st August 1938 from Secretary to the Government of Bombay, Home Department, Bombay, to Chamber.

I am directed to refer to your representation No. 3179, dated the 7th December 1936, to the Government of India, on the subject noted above, and to state that the Government of India have decided after careful consideration that no case for undertaking legislation for an amendment of the Indian Sale of Goods Act, 1930, as desired by your Association, has been established.

Letter No. 2811 dated 6th October 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

A representation was addressed by the Committee of this Chamber to the Government of India in the Legislative Department on the 7th December 1936, endorsing the representation of the Bombay Diamond Merchants' Association regarding the question of "Jangad". My Committee had also discussed the question with the Hon'ble the Commerce Member last year when he came to see them. They were expecting that the Government of India would take up amendment of the Indian Sale of Goods Act, 1930, as suggested by them. Unfortunately, they have recently received a reply from the Government of Bombay to the effect that the Government of India have decided after careful consideration that no case for undertaking legislation as desired by my Committee had been established. My Committee are extremely surprised at this reply, as they believed and had reasons to hope that they had convinced the Hon'ble the Commerce Member last year regarding the fairness of the case presented by them and the necessity of amending the sale of Goods Act. As was pointed out by my Committee in their representation and in their interview referred to above, the position which has arisen after the judgment of the Hon'ble the Chief Justice of the Bombay High Court is extremely adverse and prejudicial to the diamond trade and that the protection which was vouchsafed to them before is now denied to them entirely. My Committee realise that the Hon'ble Mr. Justice Kania has given a judgment in another case, but even this judgment touches only a fringe of the problem and being confined more to the facts disclosed in the case and depending as it does on some of the evidence given in the case being not believed by the learned Judge, it has not been helpful or instrumental in restoring the position to what it was before the judgment of the Hon'ble the Chief Justice was delivered. My Committee consider that the situation can only be saved, and the trade helped in its dealings both with brokers and the public generally, by having a suitable amendment in the Indian Sale of Goods Act. Their information is that practically all the

Provincial Governments also are unanimous on this question. They beg, therefore, to approach the Government of India again with a request that they will be pleased to undertake such an amendment of the Sale of Goods Act; in the interest of the diamond trade in particular and other trades in general, on the lines indicated in their former representation.

Letter No. 2812 dated 6th October 1938 from Chamber to the Secretary to the Government of Bombay, Home Department, Poona.

I am directed to acknowledge the receipt of your letter dated 31st August 1938, No. 5396|2-III-B. My Committee have addressed a representation to the Government of India on this question again, and I beg to send to you herewith a copy of the same for the information of the Government of Bombay. The Diamond trade is largely centred in Bombay, and my Committee look to the Government of Bombay for their helping this trade in its present difficult position. It is vitally essential that an amendment should be made in the Indian Sale of Goods Act, 1930, to make clear the position with regard to the procedure regarding "Jangad" as followed by the Diamond trade, as the judgment of the Hon'ble the Chief Justice of the Bombay High Court followed by the Judgment of the Hon'ble Mr. Kania has left the situation uncertain.

Under the circumstances, my Committee appeal to the Government of Bombay to be pleased to address the Government of India, supporting the representation of my Committee and urging the necessity for an amendment as suggested.

Letter No. 2961 dated 27th October 1938 from Chamber to the Secretary to the Government of Bombay, Home Department, Bombay.

At the recent interview of the Committee of this Chamber with Mr. Slade, Secretary to the Government of India, Department of Commerce, the question of 'Jangad' transactions was discussed. Mr. Slade referred to certain instructions issued by the Government of Bombay to the Police that in regard to complaints about non-recovery of 'Jangad' goods they should go into the facts of each case and should

wherever necessary and justified evoke the remedies under the criminal Law. My Committee will be much obliged if you will be pleased to send to them, for their information, a copy of these instructions.

Letter No. 3019 dated 2nd November 1938 from Chamber to the Secretary to the Government of Bombay, Home Department, Bombay.

I am directed to remind you of this Office Letter No. 2812, dated 6th October, 1938, and No. 2861, dated 27th October 1938, and to request you to be good enough to send an early reply to the same.

In this connection, I am directed to say that even though demi-official instructions have been issued to the Police authorities directing them to receive information and file complaints in respect of offence of criminal breach of trust committed by a party if such party received the goods on Jangad terms, such demi-official instructions would not be binding on the judiciary, particularly Magistrates who, in matters of this kind, usually follow the decisions of the High Courts. My Committee, therefore, feel that it is imperative that the Sale of Goods Act should be amended so as to exclude the term 'Jangad' from the definition of 'sale or return' as was held in a recent case decided by the High Court of Bombay.

Letter No. 5396/2-III/16979 dated 3rd November 1938 from Secretary to the Government of Bombay, Home Department, Bombay, to Chamber.

With reference to your letter No. 2961, dated the 27th October 1938, I am directed to inform you that the Government of Bombay have issued instructions to the Commissioner of Police, Bombay, to the following effect, as regards taking cognisance of complaints in which the accused are charged with the offence of criminal breach of trust in regard to property delivered to them on 'Jangad'.

It is reported that in view of the decision of the Bombay High Court in Imperator Vs. Hiralal Jivraji alias Jivabhai in Criminal Appeal No. 413 of 1935 the police are inclined to the view that where property is delivered to a person on

jangad, the ownership therein is transferred to him and the transaction is not one of entrustment which is the basis of the offence of criminal breach of trust under Section 406, Indian Penal Code. Such a view is not warranted by the decision of the High Court. This decision must be confined to the facts of the particular case as laid before the High Court and cannot be regarded as laying down a general rule that in all transactions on jangad the property invariably passes to the person to whom the goods were delivered.

For the application of Section 24 of the Indian Sale of Goods Act, 1930, it must, in the first instance, be proved that the person to whom goods are delivered is a **buyer.** Moreover this Section has to be read subject to Section 19 (3) which provides that Section 24 can only apply if no **different intention appears.** It would therefore be open to the complainant in any case to prove that although he delivered goods to an accused on jangad the intention was different or that according to the usage of the trade no property in the goods passed to the accused.

If therefore a complaint is filed from which it appears that the accused is a broker or agent or that the accused obtained delivery of the property under circumstances from which entrustment could be inferred such as trade usage, or the existence of a document, and the accused is alleged under such circumstances to have committed criminal breach of trust or other cognate offence, then the mere fact that the goods were obtained by the accused "on jangad" should not preclude the police from taking cognisance of the offence.

In order to remove any misapprehension which may have been or is likely to be caused by the decision of the High Court, the Commissioner of Police has been requested to circulate these instructions to the Police officers subordinate to him.

Letter No. 5396/2-IV-B dated 11th November 1938 from Secretary to the Government of Bombay, Home Department, Bombay, to Chamber.

With reference to your letter No. 3019, dated the 2nd November 1938, on the subject noted above, I am directed

to refer to Government letter, Home Department, No. 5396|2-III|16979, dated the 3rd November 1938, and to state that instructions to the police are based merely on the legal position and as explained therein they are in no sense extra legal. I am further to state that Government do not propose to take further action in the matter in view of the recent considered decision of the Government of India which was communicated to your Chamber in this Department letter No. 5396|2-III, dated the 31st August 1938.

APPENDIX 95

Foreign Establishments in India

Letter No. 1399 dated 7th May 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

The attention of the Government of India must no doubt have been drawn to the prospectus issued by the Imperial Chemical Industries (India) Ltd. for the floatation of the Alkali and Chemical Corporation of India, Ltd. The circumstances under which the new company came to be floated and the history connected therewith are too well-known to Government to need any repetition here.

My Committee are unable to appreciate as to why the organisers behind this new undertaking have thought it fit or necessary to come out with such a prospectus or to float such a new company. From the terms of the issue of shares in question, it is quite obvious that the new company will continue to be a side-show of the Imperial Chemical Industries (India) Ltd., and that it would be difficult for the ordinary shareholders to acquire interest in the company and that the attempt to give this new department of the Imperial Chemical Industries a separate legal entity is merely an act of window-dressing. Such efforts will not carry conviction to the minds of the people of this country and the earlier objections to the grant of concessions to the Imperial Chemical Industries (India) Ltd. for exploiting the mineral resources in certain

parts of the Punjab will not in any way be detracted by such subterfuges. My Committee do not wish here to enter into a detailed analysis of the terms and conditions embodied in the prospectus in question. It is, however, obvious that the issue of the shares has been so designed as to vest and preserve in the Imperial Chemical Industries (India) Ltd., full control over the destinies of the new floatation, perhaps, for all times, thus preserving and ensuring the non-national character of its share-holding.

The word "discrimination", unfortunately, is associated with unpleasant controversies in the past. It was then a question of discrimination against non-nationals of the country; but although the British commercial community in India have secured to themselves immunity from such discriminatory treatment, there has been nothing said or done to see or provide that such discrimination is not practised against the very nationals of the country. Here, it is a clear case of discrimination in favour of non-nationals to the detriment and cost of the national interests of the country. Even the right to discriminate against non-nationals in the interests of the country has met with international recognition. Thus, the International Conference on treatment of Foreigners, in their draft convention, clearly recognised the right of every State to restrict, regulate and even prohibit the entry of non-nationals into certain branches of the economic life of a nation (Article 7). Among the trades, professions, occupations and industries so specified were included State-owned or regulated monopolies, State undertakings, fishing in territorial and inland waters, the Coasting trade, exploitation of mineral and hydraulic power, industries forming the subject of concessions, manufacture of arms and ammunitions of war and Insurance. Similarly the Trade Barriers Committee, appointed by the International Chamber of Commerce to formulate measures for equalising the rights of foreigners with those of nationals, had to admit, in their final report submitted to the International Economic Conference, 1927, the existence of certain trades, industries and professions which could be justifiably reserved to nationals. It is a sad commentary on the state of affairs in this country that a principle, which has thus unequivocally

received international recognition, is on every conceivable occasion being fought shy of by those in authority here. The proceedings of the International Conference on treatment of foreigners, to which a reference has been made above, abound in instances of restrictions placed by various countries on various types of non-national economic activities. My Committee do not wish to burden this representation with the details of such instances.

Even in this country, the need for some distinction as between nationals and non-nationals in the matter of certain economic activities was, in the past, recognised and observed. Thus, so far as direct assistance by the State to any trade or industry, either in the nature of bounties or subsidies or by protection, was concerned, it was generally the accepted policy that the benefits of such assistance should be extended only to companies which conformed to certain standards giving the right to be treated as national organisations. In the matter of concession for exploiting the mineral resources of the country, the recommendation of the External Capital Committee also envisaged the need for some discrimination. They observed:—

"30. As rgards mining and similar concessions we are of opinion that no definite principle can be prescribed. It must be decided in each case whether it is better from the point of view of the national interest that a concession should be developed by external capital or left to lie fallow, supposing that to be the only available alternative. In the latter case the loss of interest and wealth to the country through the locking up of potential resources must be considered. It must also be remembered that *prima facie* the best market for the produce will be local. Such enterprises are by no means invariably successful. They are generally highly speculative and there are as many losses as successes. It is to the interest of the country that its natural resources should be prospected and if external capital is willing to undertake this task, while indigenous capital is unwilling, it must be allowed to set the prospect of profits against the risk of loss. We consider that this is

a matter which must be dealt with by the expert departments concerned, either of the provincial or the central Governments, *the general criterion being that concessions should only be granted to external concerns where it is clearly in the national interest that they should be developed and where internal capital is not forthcoming on reasonable terms, and then only subject to such safeguards as may be suitable for each case.*" (Italics ours).

In regard to the concessions that have been granted to the Imperial Chemical Industries (India) Ltd., and through them now to the Alkali & Chemical Corporation of India, Ltd., the points naturally arise, in the light of the above remarks of the External Capital Committee, as to what efforts, if any, were made to ascertain whether Indian capital would be forthcoming for the purpose on reasonable terms and as to what safeguards were imposed while giving the concessions to the concern.

On the first point, viz. the availability of Indian capital, the replies given on behalf of Government to the questions put in the Legislative Assembly in the year 1934, were unconvincing. As a matter of fact, it is the opinion of my Committee that the nationals of the country were not given any opportunity of availing themselves of the concessions in question, and that the agreement with the Imperial Chemical Industries (India) Ltd. was announced to them almost as a *fait accompli.* In order that there may not be occasions for similar grievances in the future, it should be laid down that information about the commercial possibilities in respect of such concessions should be made available to the nationals of the country, so as to afford to them sufficient opportunities for taking advantage of such concessions. My Committee, therefore, suggest that Government should invariably invite by advertisements applications for concessions and that the concessions should be given only on the basis of the offers received in response. The adoption of such a procedure will give to the economic possibilities of the concessions in question the necessary publicity and will create the necessary competition in applications for the same, with the additional advant-

age that Government may also be enabled to get better terms for the grant thereof.

On the point of safeguards, it is also not known whether any terms or conditions in this regard have been agreed upon between the Company and Government. An attempt to elicit information on this score was made at the recent session of the Legislature, but the Government Member-in-Charge was not inclined to be informative. While on the subject of safeguards, my Committee realise, much to their regret, that after the External Capital Committee reported in the matter, an important event, viz. the passing of the Government of India Act, 1935, has made serious inroads into the rights of the Indian Government to demand such safeguards from companies incorporated in the United Kingdom or from British-owned companies in India. Whatever the constitutional position, my Committee must at every stage draw the attention of Government to the handicaps, which such provisions have placed on the development of Indian industries and Indian enterprise. My Committee may kindly be informed whether any safguards have been agreed upon between the company and Government, while giving the concessions in question.

My Committee are aware that the above observations are not going to affect, in any way, the floatation in question or the rights already given to the holders of the concessions. They have but thought it fit to discuss the matter now in the hope that, at least in future, Government may be guided in such matters by the above considerations.

APPENDIX 96

Erection of Theatres in India by Foreign Film Producing Companies.

Letter No. 2043 dated 18th July 1938 from Chamber to the Secretary to the Government of India, Home Department, Simla.

Recently the Committee of this Chamber had occasion to address the Commerce Department, Government of India, with regard to the Imperial Chemical Industries (India) Ltd.

which had obtained certain mining concessions and has got registered in this country a subsidiary company to operate these concessions. It now appears that certain foreign cinema interests have constructed some theatres in the country, threatening thereby a severe competition to the local exhibitors as well as the local cinema industry. With regard to this particular competition it is interesting to note that the Indian Cinematograph Committee of 1928 had written in their report the following paragraph :—

> "170. **The danger of non-Indian control of the trade and Industry :**
>
> Apart from that we have also to guard against non-Indians acquiring vested interests in the trade in this country to the detriment of the national interests. It was only recently that we were threatened by the conclusion of an agreement between the owners of the largest circuit in this country and certain foreign films by which producing interests in another country would acquire control of a large circuit of cinema houses spread all over the country. That this would not be a desirable eventuality will be readily admitted by all who are interested in the advancement of the film industry in this country ; and therefore, while we are not satisfied that the danger is at present imminent or probable, at the same time we are of the opinion that should such an occasion "arise or be likely to arise when non-Indians threaten to acquire interests in any branch of this industry or trade to any large extent, otherwise than under the conditions and terms which are laid down for the purpose of sharing in the quota system and for getting the benefits of concessions from Government and other public bodies, **the Government should arm themselves with legislative powers to exclude such concerns from operating in this country.** For it is easily conceivable that powerful interests concerned in production in other countries might try to capture the market by acquiring control over the cinema trade here."

The danger to which the said Committee referred was one which was then " neither imminent nor probable ". As

it happens however, this danger is now both "imminent and probable". Perhaps the danger has already arisen, as a powerful foreign company has put up two theatres one in Calcutta and one in Bombay. My Committee beg to draw the attention of the Government of India to this, and request them to be pleased to take such steps as will safeguard the interests of Indian cinema exhibitors and the Indian cinema industry. Any such competition from foreign sources will prove detrimental to the interests not only of the theatres which are exhibiting different films ; but also to the cinema industry itself. This is a new industry, which has evidently taken its roots in the country and is progressing well. Unless therefore foreign competition is checked in time this industry is bound to suffer a set back. My Committee need not emphasise the fact to Government, that the cinema industry all over the world is at present recognised as an extremely important industry, and as such it demands every recognition from Government. In view of all these circumstances, my Committee will be obliged if you will be pleased to inform them what steps are taken, or are proposed to be taken in the direction indicated by them.

APPENDIX 97

Establishment of a Cigarette Factory in Bombay by a British Firm

Letter No. 2192 dated 29th July 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed by the Committee of this Chamber to address Government on the question of the setting up of non-Indian factories and their establishment in the country. The immediate incident which has led my Committee to address Government is the proposed starting of a cigarette factory in Bombay by a non-Indian firm, a relevant newspaper-cutting with regard to which is enclosed for ready reference.

My Committee had recently occasion to refer to in their letter No. 1399 dated 7th May '38 to the Imperial Chemical Industries (India) Ltd. There are also several instances which have come to their notice of non-Indian concerns and factories having been put up for the manufacture of matches, cigarettes, soaps, boots and shoes, chemicals, rubber, etc. These factories are started by powerful companies with a big capital and it is hopeless to expect small Indian industries to compete with them. The only result will be, therefore, that the small Indian industries will be wiped out and eliminated from the country. It will be a curious paradox that, while the country is requiring protection for her industries and while the Government of India also have been sympathetically considering the claims in the case of several industries, the ultimate effect will be that industries of non-Indian concerns will set themselves up in the country, and indirectly drive out the indigenous concerns. My Committee realise that the Government of India Act, in its sections with regard to commercial safeguards has considered Indians and the British as alike. This is probably with a view to provide against discrimination. The manner and method, however, in which foreign concerns are being set up and indigenous Indian industries are being wiped out is to use this very discrimination against Indians. Surely, it was not the object of the Government of India Act. While India has been fortunate to collect a few big industries, she has been woefully lacking in small industries. The Seaborne Trade figures bear ample testimony to this. As a result of the Swadeshi agitation and of the patriotic desire on the part of Indians to start industries for the economic betterment and development of the country during the last few years, we have now got industries to supply different articles required by Indian people in their daily life. The imports of these articles have been appreciably dwindled. Unfortunately, however, taking advantage of the tariff wall, as also of the relevant sections of the Government of India Act, non-Indian factories are now starting up with a colossal production in some cases. In the competition between a Goliath and a Pigmy, the latter goes to the wall, and my Committee are afraid that this will be the case with Indian industries, unless

immediate steps are taken to safeguard and protect them. My Committee appeal, therefore, to the Government of India to take all these facts into their consideration and to issue a statement with regard to their policy regarding this question which has been placed before them by my Committee.

APPENDIX 98

Cigarettes Manufactured in India without any Indication of the Country of Origin.

Letter No. 3416 dated 19th December 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

My Committee had, in their letter No. 2192, dated 29th July 1938, drawn the attention of the Government of India to the problem presented by the establishment of foreign companies in the country with large resources and the consequent difficulties and handicaps experienced by small Indian-owned manufacturing units. They had therein mentioned particularly the case of the establishment of foreign cigarette factories in the country. As far as the information of my Committee goes, there are at present about 14 Indian-owned cigarette factories in the country. As against this, there are about four or five factories of foreign ownership. All the Indian factories together produce less than 20 lakhs of cigarettes per day, while the production of foreign factories is estimated at about five crores of cigarettes per day. In short, Indian-owned factories are not having even 5 per cent of the trade in cigarettes manufactured in the country.

The attention of my Committee has been drawn to certain circumstances, under which cigarettes manufactured by foreign factories in India get an unfair preference over those manufactured by Indian-owned factories. The foreign-owned factories are mostly subsidiary companies of factories or manufacturers with the same names in England. They are also

manufacturing in this country the same brands of cigarettes, which formerly used to be imported. Thus certain brands like 'Gold Flake' and 'Navy Cut' are associated in public minds with the corresponding factories in England and the impression still continues that those brands are manufactured in, and imported from, that country. Such a presumption is caused and strengthened by the fact that the containers, both packets and tins, of such brands of cigarettes have marked on them prominently the name of the foreign company owning the Indian factory without any counter indication that the products were made in India. Although the above practice may not be an infringement of the provisions of the existing law, it is clear that the same is likely to mislead unwary purchasers by offering to them cigarettes, which are made to appear as manufactured abroad, while they are actually manufactured in the country. It is also likely to perpetuate the popularity of foreign labels and foreign trade marks, as the consumers, once they get accustomed to these, will stick to them even if the factories are removed from the country. My Committee are enclosing herewith a list of brands of cigarettes manufactured by foreign factories in India in regard to which such a misunderstanding is created.

It is of the utmost importance, both in the interests of small Indian-owned factories and Indian consumers, that some steps should be taken to prevent such an abuse of the lacuna in the provisions of the Indian Merchandise Marks Act. My Committee suggest that it may be laid down that all cigarettes manufactured in the country should have their containers marked with the country of origin "Made in India". In any case marking of names of companies or manufacturers, which may be misleading and deceptive, should always be accompanied by an indication of the country of origin. My Committee, therefore, request that the Government of India will be pleased to look into this matter and take such measures as would put a stop to such questionable devices.

List of various brands of cigarettes manufactured by foreign factories at various places in India

Names of brands.	Manufactured by :	Place of manufacture.
(Will's) Gold Flake ...	The Imperial Tobacco Co., Ltd.	Calcutta
Players Navy Cut ...	,,	Saharanpur
Bears Special ...	,,	Monghyr
,, Honeydew ...	,,	Bangalore
Sunflower ...	,,	
Legation ...	,,	
Ogden's Guinea Gold ...	,,	
Sportsman ...	,,	
Scissors ...	,,	
Abdulla Imperial Preference ...	Godfrey Phillip & Co.	Calcutta
De Rezke ...	,,	
Passing Show ...	Carreras & Co. (India), Ltd.	Calcutta
*Craven "A" ...	,,	
AAA ...		
Windsor & R.A.F. ...	Prospective labels to be out this month from new factory owned by Messrs. A. & J. Green & Co., Ltd.	Parel, BOMBAY

*(This quality is also imported from abroad)

Letter No. 301-S. & I. (3)/39 dated 3rd February 1938 from Under Secretary to the Government of India, New Delhi, to Chamber.

With reference to your letter No. 3416, dated the 12th December, 1938, on the above subject, I am directed to say that the Government of India have noted the views of your Chamber in the matter, which will be considered at the time of taking decision on the proposals for the revision of the Merchandise Marks Law and for facilitating the registration of Trade Marks in India.

APPENDIX 99

Bombay Municipal Act and Assessment of Properties

Letter No. 8902-A dated 22nd April 1938 from the Secretary to the Government of Bombay, General Department, Bombay, to Chamber.

I am directed to forward herewith a copy of a draft Bill for the amendment of the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888, together with a Statement of Objects and Reasons and to request that you will be so good as to favour Government at an early date with the views of the Chamber on the provisions of the Bill.

A Bill to amend the City of Bombay Municipal Act, 1888 and the City of Bombay Municipal (Supplementary) Act, 1888

Whereas it is expedient to amend the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888, for the purposes hereinafter appearing ; it is hereby enacted as follows :—

Bom. III of 1888. XII of 1888

1. This Act may be called the City of Bombay Municipal and the City of Bombay Municipality (Supplementary) Amendment Act, 193 .

Short title

2. After Section 218 of the City of Bombay Municipal Act, 1888, hereinafter called the said Act, the following new sections shall be inserted, namely :—

Insertion of new Sections 218A, 218B, 218C, 218D and 218E in Bom. III of 1888

"218-A. Where in any appeal under Section 217 all the parties interested agree that any matter in difference between them shall be referred to arbitration, they may, at any time before a decision is given in such appeal, apply in writing to the Chief Judge of the Small Causes Court for an order of reference on such matter and on such application being made, the provisions of the Second Schedule to the Code of Civil Procedure, 1908 relating to arbitration in suits shall, so far as

Arbitration

they can be made applicable, apply to such application and the proceedings to follow thereon, as if the said Chief Judge were a Court within the meaning of that schedule and the application were an application made in a suit.

Appointment of an expert valuer

218-B. (1) If any party to an appeal against a rateable value under Section 217 makes an application to the Chief Judge of the Small Causes Court either before the hearing of the appeal or at any time during the hearing of the appeal, but before evidence as to value has been adduced, to direct a valuation of any premises in relation to which the appeal is made, the Chief Judge may in his discretion appoint a competent person to make the valuation and any person so appointed shall have power to enter on, survey and value the premises in respect of which the direction is given ; provided that except when the application is made by the Commissioner, no such direction shall be made by the Chief Judge unless the applicant gives such security as the Chief Judge thinks proper for the payment of the costs of valuation under this sub-section.

(2) The cost incurred for valuation under sub-section (1) shall be cost in the appeal, but should be payable in the first instance by the applicant.

(3) The Chief Judge may, and on the application of any party to the appeal shall, call as a witness the person appointed under sub-section (1) for making the valuation and when he is so called, any party to the appeal shall be entitled to cross-examine him.

Reference to High Court

218-C. (1) If before or on the hearing of an appeal under Section 217, any question of law or usage having the force of law, or the construction of a document arises, the Chief Judge of the Small Causes Court may, and on the application of any party to the appeal shall, draw up a statement of the facts of the case and the question so arising, and refer the statement with his own opinion on the point for the decision of the High Court.

(2) Where a reference is made to the High Court under sub-section (1) the provisions of the Rules 2 to 5 both inclusive of Order XLVI in the First Schedule to the Code of Civil Procedure, 1908 shall so far as they can be made applicable, apply to the said Chief Judge and to the High Court, respectively.

V of 1908

218-D. (1) An appeal shall lie to the High Court—

Appeals

(*a*) from any decision of the Chief Judge of the Small Causes Court in an appeal under Section 217 by which a rateable value in excess of Rs. 2,000 is fixed, and

(*b*) from any other decision of the said Chief Judge in an appeal under the said section, upon a question of law or usage having the force of law or the construction of a document.

(3) The provisions of the Code of Civil Procedure 1908 with respect to appeals from the original decrees shall, so far as they can be made applicable, apply to appeals under sub-section (1) and orders passed therein by the High Court may on application to the said Chief Judge be executed by him as if they were decrees made by himself.

V of 1908

Provided that no such appeal shall be heard by the High Court unless it is filed within one month from the date of the decision of the Chief Judge.

218-E. The cost of all proceedings in appeal under Section 217 before the Chief Judge of the Small Causes Court including those of arbitration under Section 218-A and of valuation under Section 218-B shall be payable by such parties in such proportions as the Chief Judge of the Small Causes Court shall direct and the amount thereof, shall, if necessary, be recoverable as if the same were due under a decree of the Small Causes Court.

Cost of proceedings in appeal

3. In sub-section (1) of Section 219 of the said Act, after the words "value of tax" the words "if no appeal is made therefrom under Section 218-D" shall be inserted.

Amendment of Section 219 of Bom. III of 1888

Amendment of Section 521 of Bom. III of 1888

4. In Section 521 of the said Act, after the words "under this Act," the words and figures "and every person appointed to make a valuation under Section 218-B" shall be inserted.

Repeal of Section 2 of Act XII of 1888

5. Section 2 of the City of Bombay Municipal (Supplementary) Act, 1888 shall be repealed.

Statement of Objects and Reasons

The object of this Bill is to provide for an appeal to the High Court in and to introduce certain other provisions in connection with, proceedings relating to the assessment of properties to municipal taxes in the City of Bombay.

2. Under the City of Bombay Municipal Act III of 1888, assessments of property for the pusposes of municipal taxation are fixed in the first instance by the Municipal Commissioner. Section 217 of the Act provides for an appeal against any rateable value or any tax fixed or charged under the Act to the Chief Judge of the Small Causes Court, who under the provisions of Act XII of 1888 is empowered, if he thinks fit, to refer a question of law for the decision of the High Court. Advantage is rarely taken by the Chief Judge of his power to refer a point to the High Court and the decision of the Chief Judge on questions of assessment, when no such reference is made, is final and is not subject to review by the High Court.

3. The growth of the city since the passing of the City of Bombay Municipal Act has brought into existence a great many special classes of industrial and other properties, in regard to which intricate and difficult questions of rating law, including questions of exemption from rates, arise. There has also been a great development in the law of rating in England, on which the provisions of the City of Bombay Municipal Act are based and the subject is in certain aspects one of the most difficult upon which courts of law require to adjudicate. As the same considerations arise in rating all properties of the same class, any decision by the Chief Judge upon a question of principle must have far reaching conse-

quences in the rating of similar properties in the city and the issues involved extend beyond the ordinary jurisdiction of the Court of Small Causes. The existing provisions of the Act are therefore no longer adequate and legislation is necessary to enable important questions on the principles and law of rating, which arise in connection with the assessment of properties in the city, to be brought before the High Court by reference and on appeal.

4. In view of these considerations provision is made in the Bill for a reference to the High Court on a question of law being made by the Chief Judge on the application of any party to an assessment appeal. Provision is also made for an appeal to the High Court from any decision of the Chief Judge fixing rateable value in excess of Rs. 2,000 and for an appeal on a question of law to the High Court against any other decision the Chief Judge in regard to a rateable value or a tax fixed or charged under the Act.

5. As questions which can only be dealt with by expert valuers frequently arise in assessment appeals and such questions may often be advantageously referred to arbitration or decided in the light of a report by an independent expert, provision has also been made (1) enabling the parties to an assessment appeal before the judge to refer the matters in dispute to arbitration and (2) empowering the Chief Judge on the application of any party to an appeal to appoint an independent valuer to make a valuation of the premises and give evidence if called upon to do so.

Letter No. 1439 dated 11th May 1938 from Chamber to the Secretary to the Government of Bombay, General Department, Bombay, to Chamber.

With reference to your letter No. 8902-A, dated 22nd April, 1938, my Committee have considered the draft Bill on the above subject. They have felt in the past the need for some improvement in the machinery and method for dealing with disputes in connection with the taxation of property. They, therefore, welcome the present proposal of Government, and the provisions of the Bill have their general support.

APPENDIX 100

Amendments to Rules and Regulations of the Native Share and Stock Brokers' Association

Letter No. 2902-D dated 23rd March 1938 from Assistant Secretary to the Government of Bombay, Finance Department, Bombay, to Chamber.

With reference to the subject mentioned above, I am directed to invite the attention of your Chamber to Government Notification, Finance Department, No. 2902-D dated 19th March 1938 (copy * enclosed for ready reference) published in Part IV-A of the Bombay Government Gazette Extraordinary dated 19th March 1938.

Letter No. 1318 dated 27th April 1938 from Chamber to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to refer to your letter No. 2902-D, of the 23rd March 1938, and to send to you hereby the views of my Committee on the draft rules of the Native Share & Stock Brokers' Association as published in the Bombay Government Gazette Extraordinary, dated 19th March, 1938.

Before my Committee take up the rules seriatim, they would like to refer to a general consideration in respect of some of the rules which may be considered in the nature of disciplinary rules. Thus, Rules 46, 151 (*a*), 159 (*a*), 159 (*b*), 160 (*a*), 160 (*b*), 167 (*b*), 167 (*e*), 170 (*c*) (*i*), 170 (*e*), 171 and 172 (*a*) require members to do or refrain from doing certain acts. Under Section 6 of the Securities Contracts Control Act any contract for the purchase or sale of securities other than ready delivery contract, which is not in conformity with the rules, shall be rendered void. Again Rules like 167 (*e*) and 170 (*e*) specifically provide that a contract shall be void for a breach of the particular rules. It is necessary to examine the effect of technical irregularities and breaches of the rules of a disciplinary kind vis-a-vis Section 6 of the Act. The Civil rights and liabilities of parties to a Stock Exchange Transaction should not, in the opinion of my Committee, be affected

* Enclosure not printed.

for any technical breaches of the rules. My Committee are drawing the attention of Government to this matter so that the same may be examined and the necessary amendments, if any, to the Act may be made, so as to keep in tact such rights and liabilities.

Rule 7 (a): This Rule excludes any person engaged in any business other than that of a broker in stocks etc., from the membership of the Association. In their memorandum submitted to the Stock Exchange Enquiry Committee, 1937, my Committee had expressed themselves in favour of such exclusion. There, however, exists a feeling in some quarters that such a restriction has kept out of the Exchange persons who are actively engaged in the business of stocks and shares on a large scale among other business and whose direct association with the Exchange would be a source of strength to the trade. It is a matter of common knowledge that there are many merchants and firms of reputable merchants who, while they are engaged in other business, do also large business in stocks and shares. It is felt that something should be done to accommodate such people in the membership of the Association. At the same time, my Committee realise that in order to minimise the risk, on financial grounds, attendant on such duality of occupation, it is necessary to devise some safeguard whereby the interests of the Stock Exchange may not be adversely affected by any reverses or by any commitments of such persons in other markets. My Committee have reconsidered this question and they are now inclined to favour the lifting of the ban in question on members of other business with an additional provision that such persons trading in other forward markets should be required to deposit with the Stock Exchange as security a sum of Rs. 50,000. This deposit will be in addition to the deposit provided for under Rule 8, and may be allowed to be kept in Government securities of the market value of that amount. My Committee believe that the risk, if any, on financial grounds, which was the main consideration in excluding from the membership of the Exchange people connected with other business will be fully covered by such a requirement and they, therefore, re-

commend to Government to bring about the necessary amendment of this Rule.

Rule 7 (b): After what they have said above on Rule 7 (*a*), the need for such an exception goes. If the restriction in Rule 7 (*a*) is proposed to be retained, my Committee are of opinion that the position of members dealing in more than one market should be the same, whether they joined before the year 1926 or after that year.

Rule 8: My Committee submit that the requirement in regard to the deposit of Rs. 30,000 for admission to the membership of the Association should be waived in the following cases :—

(1) the son or heir of a deceased or a retiring member who had been a member of the Exchange for at least two years previous to such death or retirement ;

(2) minor son or heir of a deceased or retiring member after a specified age and after such minor son or heir had worked with the deceased or retiring member in the Exchange for a period of not less than two years previous to such death or retirement ;

(3) an applicant who undertakes to confine himself to business only on the basis of ready delivery.

The deposit should also be allowed to be made in Government securities of the market value of that amount so that members might earn interest on the same.

Rule 25: This rule empowers the Board to expel any member for breach of provisions of Rule 7. My Committee have already recommended the removal of the restriction against other occupations. Consequentially this rule will also have to be amended.

As regards any breach of any provisions covered by Rule 7 (*c*), my Committee submit that the Board should be vested with some discretion in the matter. As the rule stands at present, the Board *shall* expel any member. Such a severe penalty should not be inflicted for all offences under the rule.

Even for a minor offence, the Board will have, as a matter of course, to inflict the extreme penalty. It is, therefore, recommended that instead of expulsion in all cases, the Board be vested with discretion to punish such offences with fine, suspension or expulsion as the case may be. It is also necessary that the word "shall" in the opening sentence of the rule be changed to "may" so as to vest in the Board necessary discretion in regard to the punishment to be inflicted.

Rule 28: The power for the removal of a member of the Board from such membership should be exercised only by the General Body of the Association. This power should, therefore, be vested in the General Body and not in the Board.

Rule 29: The above remarks apply equally in regard to the power for removal under Rule 29.

Rule 60 (a): My Committee do not see the need for having two General meetings for the purpose of making or amending rules. Having regard to the fact that the rules are subject to sanction by Government, the requirement in regard to a conformatory meeting may be dispensed with. If, however, the formality of a confirmatory meeting is ultimately decided by Government as necessary, my Committee suggest that it should at least be provided that both the meetings may be convened by the same notice.

Rule 60 (b): The words "in the case of the Board not functioning" in the second line of the rule should be transposed between the words "or" and "the" in the first line thereof. This is necessary to confine the power to the Secretary to convene a meeting on requisition only when the Board is not functioning.

The quorum for a requisitionists meeting should be fixed at 40.

Rule 62 (c): In the case of a meeting convened upon a requisition, if within 30 minutes from the time appointed for the purpose no quorum is present, the meeting shall be dissolved ; it should not be permissible for such a meeting to be adjourned.

Rule 70: Both before the Stock Exchange Enquiry Committee and in their letter to Government, dated 2nd June 1937, my Committee had favoured the association of some representatives of public bodies in the Board of Management of the Association. They had, inter alia, suggested that out of a total number of 16 members on the Board, 2 should be elected by the Bombay Legislative Assembly from among its members, 1 by the Indian Merchants' Chamber and 1 by the Bombay Shroff Association. My Committee reiterate this demand for the representation of public bodies on the Board of Management, as such representation would be a source of strength to the Association and would inspire greater confidence in the public about its management and request that Government will be pleased to accept the same.

Rule 72: All the members seeking election on the Board should be formally proposed. The exemption in the rule as drafted of a sitting member from the formality of being proposed is not necessary or justified.

Rule 73: A consequential change will have to be made in this rule, requiring the notice to be uniform in regard to both sitting members seeking re-election and new candidates for election.

Rule 74: The period of standing for being eligible to be elected to the Board should be reduced to 3 years.

Rule 78 (c): A member shall not be precluded from giving a smaller number of votes than the number of vacancies to be filled in. It is not fair to insist upon a voter to give votes even to candidates for whom, left to himself, he may not like to vote.

Rule 83 (b): My Committee are strongly opposed to the provision in this rule whereby the deficiency in the number of members present at a meeting of the Board to form a quorum is allowed to be made up by co-option. Such a procedure is wrong in principle and in contingencies of the kind envisaged by the rule, the meeting should stand adjourned, it being provided that the members present shall form a quorum at such adjourned meetings.

Rule 87 (b): A resolution in writing to be valid must be unanimous. That is the practice generally accepted in this regard. Only non-controversial matters should be allowed to be passed by circular.

Rule 89 (5) (i): The Board should be empowered to close the market for two working days, without the sanction of Government. Therefore, the number and words "24 hours" in the proviso to this sub-clause be changed to "2 working days".

Rule 90 (b): The existing provision under old Rule 67 (*a*) vesting in the General Body of the Association right to rescind any resolution of the Board, making, adding to etc., any rule or rules of the Association should be continued and for the purpose of a meeting in this regard the existing provisions regarding presence of members (not less than 76 members to be present) should be continued; but the relevant resolution should be passed by a majority of three-fourths of the members present.

Rule 106 (a): The parties to a dispute should have a right to nominate the arbitrators. Thus as soon as an application for arbitration is received both the parties may be called upon to nominate an arbitrator each from among the panel of 16 arbitrators appointed by the Board.

Rule 118: My Committee do not see how a defaulter's property outside the Stock Exchange can be made available to the Association for the benefit of the creditors, as such a procedure would be contrary to the provisions of the Law of Insolvency.

Rule 151 (a): My Committee are hereinafter recommending the enlargement of the scope of Rule 230 (9) (*b*). If the scope of that rule is not so enlarged, the restriction in Rule 151 (*a*) will prove to be a hardship.

Rule 156: After the word "firm" in line 2 of the rule, the words "of members of the Association" be added. This is necessary to limit the prohibition of bargains with partners, only in respect of *firms of Stock Exchange Members*, as distinguished from a partner in *any firm*.

Rule 159 (b): My Committee cannot agree to transactions by a member of the Association with members of other Associations as principals being forbidden. While under the Rules of the Association, the right of membership and the attendant privileges may be denied to a person who is a member of another Association dealing in stocks and shares, his right as a member of the public to the facility of the agency or machinery of the Exchange is not forfeited. It is, therefore, not fair to prohibit a member from having a person who may be a member of another Association as a constituent of his.

Rule 167 (f): Add the words " notwithstanding anything contained in sub-rule (*c*) of this rule or sub-rule (*a*) of Rule 159 " at the beginning of the second sentence in this sub-rule.

Rule 170 (b) & Appendix G: The word transaction in the first line of the rule is not definite in its meaning, as it is not clear whether such transaction has to be in one script. My Committee suggest that the sub-rule may altogether be omitted and provision be made in appendix G itself authorising members to charge half the scale of the brokerage prescribed where necessary and one-fourth the scale in regard to budli transactions.

Rule 170 (c): This rule should make it clear that no member shall be entitled to give a contract in the B form (Principal form) whenever the order is executed in the market.

Rule 222: The Board should be empowered to suspend short selling for a period of two working days, instead of for 24 hours as proposed in the draft rule.

The comments of my Committee on Rule 83 (*b*) apply equally for meetings referred to in para 2 of this rule and the deficiency in quorum should not be made up by co-option.

Rule 230 (9) (b): After the words " London Stock Exchange " in line 3 of the rule, the words " and other Stock Exchanges in British India & Burma " be added. The object of the amendment is obvious. Without this enlargement, and with the restriction in 151 (*a*) to which a reference was made earlier, the members will for no justifiable reason be deprived

of business in a large number of securities in which ordinarily business is done.

Rule 341: My Committee feel that under this rule adequate protection is not secured to the *bona fide* purchaser of securities against forged endorsements. They suggest that some means should be found of protecting such purchasers.

Appendix A: Having regard to what they have said on Rule 7 (*a*) the necessary changes should be made in the form of application for admission.

My Committee feel that the rules need to be re-arranged and grouped under proper headings. Thus rules re: trading should all be grouped together. Thus the heading "Brokerage" over Rule 342 has no meaning, as Rules 177 to 180 are not concerned with brokerage.

The Board should be required in notices and other orders or communications to indicate the authority under which they are acting, by quoting the number of the rule under which the notice or communication is issued.

Before they conclude my Committee wish to reiterate that a change in the direction of separating the functions of a broker from that of a jobber is overdue. An important suggestion made by my Committee before the Enquiry Committee designed to check overtrading, was the classification of the members of the Exchange into Jobbers and Brokers. They had observed :—

> "Much of the evil complained of with regard to the Stock Exchange is due to several brokers doing the work of Jobbers at the same time. The functions of a broker and a Jobber are separate on the London Stock Exchange and my Committee are of opinion that the same practice should be adopted here. It is a very undesirable and unhealthy practice that several of the brokers do jobbing themselves. What it leads to is that when they are given orders for buying or selling by their constituents, they buy shares for themselves or sell the same for themselves and then pass on the business to the constituent, after having secured a benefit for themselves. It may not be so with

all the brokers who do jobbing, but it is the practice which is resorted to more or less by these broker-jobbers, as they may be called. Besides, these jobbers are a serious handicap to *bona fide* brokers. The latter with genuine orders in hand do not get a fair chance to operate for their clients, as the jobbing brokers rush in and spoil their market with the result that they have on an average to pay more for their purchases and to realise less for their sales.

My Committee suggest that at the beginning of every official year, every active member should be called upon to declare whether he intends to work as a jobber or broker and under penalty of expulsion the Board of directors must see that this declaration of intention is not violated".

In commenting on this suggestion, the Enquiry Committee observed:—

"While we agree that such differentiation would constitute an improvement of the organisation of the Stock Exchange, we have come to the conclusion that it would be impracticable to make such a division effective or workable in the present conditions of the Bombay Market or in the near future".

My Committee regret that such an important issue should have been so summarily dealt with. The Enquiry Committee have not advanced any reasons why the same should be impracticable or unworkable. Having conceded that such a division would constitute an improvement, they should have examined it seriously and if there were any difficulties in giving effect to the same, they should have examined ways and means of overcoming such difficulties. My Committee would, therefore, request Government to examine this point further.

My Committee hope that Government will be pleased to consider the above suggestions favourably.

Letter No. 2902-D dated 7th April 1938 from Secretary to the Government of Bombay, Finance Department, Bombay, to Chamber.

I am directed to invite reference to paragraph 72 (2) of the Stock Exchange Enquiry Committee's Report, which is as follows:—

> "(2) 'Ready delivery contract' has been defined in this Act as 'a contract for the purchase or sale of securities for performance of which no time is specified and which is to be performed immediately or within a reasonable time'. The question of the reasonable time is in each particular case a question of fact. It is evident that this is a very vague definition inasmuch as it lays down no definite time for the completion of the contract. This facilitates evasion and vitiates any rules the Association might draft to define 'ready delivery bargain'. We suggest, therefore, that the Act should be amended so as to make 'ready delivery contract' mean a contract which must be implemented by the actual delivery of and payment for the security specified in such contract on any business day not later than the seventh day from the date of the original contract".

The Native Share and Stock Brokers' Association, while agreeing entirely that the existing definition of 'ready delivery contract' is unsatisfactory, consider that the amendment proposed by the Stock Exchange Enquiry Committee does not go far enough. Their view is that if any period is fixed for the settlement of ready delivery contracts, forward business will continue under the guise of ready delivery, and the present evil will not be remedied. They propose, therefore, the following definition of a ready delivery contract :—

> "'Ready delivery contract' means a contract for the purchase or sale of securities for delivery and payment on the business day next following the date of the contract".

2. The subject is one of considerable importance as it involves the distinction to be drawn between ready delivery and forward transactions and thus affects the whole question

of Government control over forward trading in stocks and shares. Government are provisionally inclined to the view that the amendment proposed by the Stock Exchange Enquiry Committee is not adequate and that, in order that control over forward trading may be effective, a definition on the lines suggested by the Stock Brokers' Association may be necessary. Before deciding the matter, however, they would like to have the views of commercial associations and banks in Bombay, and I am accordingly directed to request that the views of your *Association* on this question may be communicated as early as possible.

Letter No. 1331 dated 28th April 1938 from Chamber to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to refer to your letter No. 2902-D of the 7th April 1938 and in reply to say that, in the opinion of my Committee, the existing definition and practice regarding Ready Delivery Contract are satisfactory and that, therefore, no change in the same is necessary.

Letter No. 2902-D dated 29th July 1938 from Assistant Secretary to the Government of Bombay, Finance Department, Bombay, to Chamber.

With reference to the subject mentioned above, I am directed to invite the attention of your Chamber to Government Notification, Finance Department, No. 2902-D dated 26th July 1938 (copy * enclosed for ready reference) which has been published in Part IV-A of the Bombay Government Gazette dated 28th July 1938.

Letter No. 2494 dated 26th August 1938 from Chamber to the Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to refer to your letter No. 2902-D, dated 29th July 1938, forwarding a copy of Government Notification No. 2902-D, dated 26th July, regarding amendments to certain rules of the Bombay Native Share and Stock Brokers' Asso-

* Enclosure not printed.

ciation, and to send to you hereby the views of my Committee thereon.

Rule 8 (b): Under the rule as it stands, a deposit is required to be made by a member of a sum of Rs. 30,000 for the benefit of the Stock Exchange creditors in case he is declared a defaulter within two years from the date of his admission. Thus after the two years' period, the deposit will be returnable to the member and such member will be placed in a position of equality in the matter of deposit with the older members. The amendment proposed, however, provides that in the case of new members the amount prescribed should remain in deposit with the Association for all times. The position resulting would be that whereas the older members will not have to tender any deposit, the new members will at all times be required to keep the money in deposit. My Committee feel that such a provision would be unfair to the new members, and they, therefore, suggest that, as in the existing rule, the requirement in regard to deposit should apply only for two years after admission, so that after the two years the new member will be on a par with the other members in the matter of deposit. If this is not acceptable, at least the provision should be so altered as to make deposit compulsory for all members, old and new. The main object of my Committee in suggesting the above changes is that both the old and new members after a time should be treated on a basis of equality.

It is pertinent to point out that the rules in force regarding admission of new members are fairly rigid and that it would be extremely difficult for any applicant, without the necessary standing, to secure admission and to get through the various stages of the procedure prescribed for admission of members. Moreover, the election of new members is by ballot and should be carried by a majority of not less than 3/4ths of the members present at a meeting of the Board, at which not less than one-half the members of the Board shall have been present. My Committee are mentioning these circumstances to point out to Government that even as it is the formalities connected with the election of new members

are such as may be deemed to give sufficient opportunities and powers to the authorities of the Association to exclude applicants of doubtful standing, whose election to membership may not be considered desirable. My Committee, therefore, feel that an additional restriction in the shape of obligation to keep a deposit for all times is neither necessary nor just.

The amendment further provides that the amount of deposit when made in cash, will be lodged in a bank approved by the candidate, to be held at the risk of the member concerned. My Committee do not see any justification for transferring the risk to the member concerned. After all, the deposit is required in terms of the Rules of the Association and will be held by the Trustees of the Association, and it is but fair that the risk, if any, attendant on the holding of such a deposit should be borne by the Association. My Committee note that the member concerned is given the liberty to name the bank with which the amount is to be deposited. They are, however, agreeable to this choice being restricted and the deposit may be lodged in a bank of the choice of the Association and the entire risk attendant thereon should be borne by the Association. In this connection, it may be pertinent to point out that my Committee are not suggesting any new procedure. For instance, in the East India Cotton Association, where also a member is required to deposit a large amount, the whole amount is held at the risk of the Association and the rules of that Association do not provide for shifting the risk to the member concerned under any circumstances.

Rule 25: This rule empowers the Board to expel any member or members for breach of the provisions of Rule 7, and the amendment seeks to make it clear that the application of the rule will be confined to members who joined after 1st March 1926. My Committee had, in their letter to Government, No. 1318, dated 27th April, 1938, strongly suggested the lifting of the ban on members of other business under certain circumstances. They had pointed out that such a rule had resulted in keeping out of the Exchange many firms and merchants of repute and standing, and had suggested

that the rule should be so amended as to accommodate such people in the membership of the Association. They had also prescribed an additional deposit for such members. My Committee regret that in the rules, as approved by Government on 31st May 1938, changes in the directions were not incorporated. They, therefore, reiterate that it is their view that Government should, at an early date, bring about a change in the rules of the Association with a view to lifting the ban in question. In the light of the above remarks Rule 7 will have to be altered and consequential changes will therefore be necessary in Rule 25.

Rule 87 (b): The amendment provides that a resolution by circular to be valid, should be approved by three-fourths of the members present in Bombay. My Committee had, in their letter of the 27th April 1938 above referred to, suggested that such a Resolution should be unanimous to be valid. That is the practice generally accepted in this regard, as only non-controversial matters should be allowed to be passed by circulation. They, therefore, reiterate the above view. At any rate, if the provision of three-fourths majority is to be accepted, they suggest that it should be three-fourths of the total members of the Board, and not three-fourths of members present in Bombay.

Rule 237 (a): This is a new rule, under which extraordinary powers are sought to be vested in the Board, or in any sub-committee appointed by them, to call upon any member of the Association to furnish information regarding any transaction entered on the Exchange or to produce before them any books and papers regarding the same. While, at this stage, my Committee do not wish to oppose such powers *in toto*, they would like to suggest modifications in the same with a view to restrict the use thereof in a manner which would not prejudice the business interests of the member concerned. Opportunities for information of business transactions of a member being made available to trade rivals should, as far as possible, be avoided, and to that end my Committee suggest that production of books of any member or submission of any information by him should be permissible only to the

President of the Association, and the President should exercise this power on a resolution passed by a majority of three-fourths of the members of the Board.

On the rest of the rules, my Committee have no comments to make.

In conclusion, my Committee hope that before the Rules are finally approved, changes in the directions suggested by them above would be made.

APPENDIX 101

Difficulties Under the Deccan Agriculturists Relief Act.

Letter No. 694 dated 2nd March 1938 from Chamber to the Secretary to the Government of Bombay Revenue Department, Bombay.

My Committee had occasion to address the Government of Bombay in the year 1928 on the question of the difficulties experienced under the Deccan Agriculturists Relief Act. Government in their reply dated 26th October 1928, No. 2684|2-B, Home Department, observed that the matter would be considered by Government "when the question of the amendment or repeal of the Deccan Agriculturists Relief Act as a whole is taken up". My Committee wish to urge upon Government the need for an early examination of the question with a view to bringing about the necessary modifications in the Act. In this connection, they have seen a copy of the memorandum dated 20th December 1937 submitted to the Hon'ble Minister for Revenue and Agriculture by the Bombay Commission Agents Association and the same has their general support.

In particular they wish to urge that while amending the Act the present position which entitles a debtor, if sued in Bombay, to raise in defence a plea of want of jurisdiction, if at the date of the suit he is an agriculturist in terms of the Act, irrespective of the consideration whether at the time of incurring the liability he was or was not an agriculturist and irrespective of the nature of and the purpose for which the

liability was incurred, should be remedied. In short, the Bombay Courts should be empowered to try cases arising out of trade debts incurred by agriculturists. In amending Act the terms "traders" and "agriculturists" should be properly defined and intelligently distinguished. The Act should also make a clear provision that all particular acknowledgments of debts as trade debts should not be taken under the Deccan Agriculturists Relief Act.

My Committee hope that Government will look into the matter and bring about an early amendment of the Act.

Letter No. 209/4-B dated 17th March 1938 from Secretary to the Government of Bombay, Home Department, Bombay, to Chamber.

I am directed to acknowledge the receipt of your letter No. 694, dated the 2nd March 1938 to the Secretary to the Government of Bombay, Revenue Department, on the subject noted above, and to state that it will be considered by Government when the amendment of the Deccan Agriculturists' Relief Act is taken up.

APPENDIX 102

Fixation of Standard for Butter and Refrigerated Transport Facilities

Letter No. 1829 dated 22nd June 1938 from Chamber to the Secretary, Imperial Council of Agricultural Research, New Delhi.

I am directed to acknowledge receipt of your letter No. F. 6 (6)|38 A. and H. dated 11th April 1938 and to address you again on the question of standard for butter, particularly regarding the desirability of securing uniformity in the matter of water content.

My Committee are aware that under the Government of India Act the prevention of adulteration is a matter for provincial action; but having regard to the importance of the question and the All-India nature of the issues involved, they

feel that it is the duty of the Imperial Council of Agricultural Research to make efforts for co-ordinated action on the part of the various Provincial Governments so as to secure uniformity with regard to such standards. My Committee note that the question of securing uniformity in moisture content is receiving the attention of the Standing Dairy Committee of your Council. In this connection, they would refer to the remarks of Dr. Wright on pages 41 and 42 of his Report. My Committee cannot agree with the observations that the setting up of a legal standard of moisture content is not a matter of immediate importance and that more attention should be paid to flavour and texture. The economic aspect of production and marketing of butter has not, in the opinion of my Committee, been given full consideration in the above view of Dr. Wright. It must not be ignored that in order to secure fair conditions of trade for manufacturers of good grades of butter, there must be some standard fixed by which competition from lower qualities does not become a menace. The higher the water content, the lower the cost of butter and butter production. Naturally butter with a higher percentage of moisture will be able to undersell butter manufactured by the more reputable firms who are anxious to preserve their reputation for quality and purity. My Committee, therefore, submit that in the interests of trade in butter and in the larger interests of encouraging the manufacture of better standards of butter, it is very necessary to prescribe a legal limit for moisture content, and that emphasis should not merely be laid on flavour or texture.

My Committee realise that perhaps the Western standard of 16 per cent moisture may not be readily applicable to all the provincial areas in this country due to climatic and other reasons and that the fixing of a suitable standard must be a matter for investigation and decision. It has been suggested to them that a standard of 20 per cent moisture content may be considered as practicable for uniformity throughout the country. My Committee would like your Council to examine this suggestion. In any case, it is necessary to fix a legal standard applicable throughout the country, so that both the interests of the consumer and of the manufacturer of better

varieties of butter may be legitimately safeguarded. My Committee trust that your Council will give this matter their earnest consideration and take up the question of action on an All-India basis with the various Provincial Governments.

With regard to the question of refrigerated transport facilities, my Committee are taking up the matter with the B. B. and C. I. Railway Administration.

Letter No. F. 6(6)/38-A.H. dated 15th September 1938 from the Secretary, Imperial Council of Agricultural Research, to Chamber.

I am directed to invite a reference to the correspondence ending with your letter No. 1829, dated the 22nd June 1938, on the subject noted above and to reply as follows :—

2. The subject of adulteration of milk and milk products is a matter of provincial concern, under the Government of India Act, 1935 and All-India legislation in regard to it cannot therefore, be undertaken. Certain model rules in this respect have, however, been drafted and considered by the Standing Dairying Committee of the Council. These rules will shortly be circulated to Provincial Governments for any action they can take on them.

3. As regards the question of the fixation of a uniform legal moisture-content of butter in different provinces, it is proposed to introduce grading in this commodity under the "Agricultural Produce" (Grading and Marking) Act of 1937. Steps are now being taken by the Agricultural Marketing Adviser to the Government of India to conduct certain preliminary analysis necessary for the fixation of grades and it is hoped that in the near future it will be possible to call a meeting of those concerned to discuss further action.

4. With reference to the question of better railway facilities for the transport of butter I am to invite your attention to the fact that certain railways are today transporting ice cream from Calcutta to various stations on their respective lines in insulated containers at rates based on their ice cream capacity and are providing free return haulage for the empty containers. Such containers are the property of the ice cream

manufacturers. Their gross weights (including load and refrigerating medium) vary between two and ten maunds, the larger sizes being fitted with wheels or rollers to facilitate their movement in and out of railway vehicles. The refrigerating medium employed to date has been the entectic element which is frozen at the ice cream depots and inserted in pockets in the insulated containers. Extension of this method to the rail transport of butter would depend on its acceptance by the railway concerned and agreement between the railways and butter manufacturers in regard to the freight rates to be charged.

APPENDIX 103

Scheme for Delinting of Cotton Seeds.

Letter No. 1918 dated 30th June 1938 from Chamber to the Secretary, Indian Central Cotton Committee, Bombay.

In paras 53 and 60 of the Annual Report of the Central Cotton Committee for the year ending 31st August 1937, you have referred to the above schemes and reported that as the results were not likely to be of economic value for germination and oil extraction, the schemes have been discontinued.

In this connection, I shall be glad if you will furnish me particulars of the cost prices of delinted and defibrated lints as also the cost of oil seeds used in the experiments and the realised price of seeds re-sold so that we may calculate the cost of the resulting lints.

Letter No. 807 of 1938 dated 27th July 1938 from the Secretary, Indian Central Cotton Committee, Bombay, to Chamber.

With reference to your letter No. 1918, dated the 30th June 1938, I have the honour to forward the attached particulars regarding the Delinting plant in the Punjab. No particulars in respect of the Defibrating plant in the Punjab are available as this machine did not work properly.

2. Particulars of cost of defibrated cotton seed, under the Bombay Defibrating Scheme, are being called for from

the Director of Agriculture, Bombay Presidency, and will be forwarded, when received.

Particulars regarding the Delinting Plant in the Punjab

Delinting Machine: About 128 maunds of K. T. 25 seeds were delinted. In order, however, to test the full potentialities of the present machine, the delinting was done in three degrees of polish. It must be mentioned at the outset that every degree of polish the seed was passed through the machine only once. The time taken and the quantity of fuzz removed etc. is given below. The various degrees of polish were attained by a simple adjustment of the machine. The machine was run at a speed of about 700 revolutions per minute.

VERY LIGHT DELINTING

	Mds.	Percentage.
Quantity of seeds treated	24	—
Delinted seed obtained	22.05	91.9
Linters	1.28	5.3
Loss in delinting	0.63	2.8
Total time taken ..	12.1 hrs.	

Thus with very light polish the machine is capable of turning out about 2 maunds of seed per hour and removes 5.3% of linters.

INTERMEDIATE DEGREE OF DELINTING

	Mds.	Percentage.
Quantity of seed treated	93	—
Delinted seed obtained	80.35	86.1
Linters	6.65	7.5
Loss in delinting	6.0	6.4
Total time taken ..	93 hrs.	

Thus with intermediate polish the machine is capable of turning out seed at the rate of one maund per hour.

HIGH DEGREE OF DELINTING

	Mds.	Percentage.
Seed treated	11	—
Delinted seed obtained	9.05	82.0
Linters	0.93	8.7
Loss in delinting	1.02	9.3

Total time taken .. 18.75 hrs.

The output of the machine was 0.58 maunds per hour. The delinted seeds will be exhibited in the Meeting.

ECONOMICS OF THE WORKING OF THE DELINTING MACHINE

Assuming that one fitter @ Rs. 60|- per mensem and an oilman @ Rs. 20|- per mensem can look after a battery of 8 such delinting machines and that they will work for 10 hours a day, the cost of delinting works out as under.

LIGHT DELINTING

EXPENSES

	Rs.	as.	ps.
Cost of 20 maunds of seed @ Rs. -|15|- per maund	18	12	0
Two daily paid labourers @ Rs. -|6|- per day ..	0	12	0
One day's wages of the mechanic and oilman ..	0	5	4
Lubricant	0	1	0
Total ..	19	14	0

INCOME

	Rs.	as.	ps.
Price of 18.38 delinted seed @ Rs. -|15|- per maund	17	3	8
Price of 1.06 mds. linters @ Rs. 2|3|7	2	5	9
Total ..	19	9	5

Apparent loss is Rs. -|-|3 per maund of seed delinted.

Note 1: In working out this economic aspect of the delinting machine the following items have not been taken into consideration:—

(*a*) Cost of power.

(*b*) Interest on capital outlay.

(*c*) Depreciation.

(*d*) Cost of repairs.

Note 2: The price of linters is taken as reported by the British Cotton Growing Association. Three bales of linters were sent to Manchester in April 1936 and the net price received was Rs. 2|3|7 per maund.

INTERMEDIATE DEGREE OF DELINTING

EXPENSES

	Rs.	as.	ps.
Cost of 10 maunds of seed @ Rs. -|15|- per maund	9	6	0
Two daily paid labourers @ Rs. -|6|- per day ..	0	12	0
One day's wages of the mechanic and oilman for one machine	0	5	4
Lubricant	0	1	0
Total ..	10	8	4

INCOME

	Rs.	as.	ps.
Price of 8.61 maunds of delinted seed @ Rs. 1|3|- ..	10	3	7
Price of 0.72 maunds of linters @ Rs. 2|3|7 ..	1	9	7
Total ..	11	13	2

Apparent gain is Rs. -|2|1 per maund of seed delinted.

HIGH DEGREE DELINTING

EXPENSES

	Rs.	as.	ps.
Cost of 5.8 maunds of seed at @ Rs. -|15|- ..	5	7	0
Two daily paid labourers @ Rs. -|6|- per day ..	0	12	0
One day's wages of the mechanic and oilman for one machine	0	5	4
Lubricant	0	1	0
Total ..	6	9	4

INCOME

	Rs.	as.	ps.
Price of 4.756 maunds of delinted seed @ Rs. 1|5|-	6	3	10
Price of 0.5046 maunds of linter @ Rs. 2|3|7 ..	1	1	11
Total ..	7	5	9

Apparent gain is Rs. -\|2\|2 per maund of seed delinted.

Germination Power: Germination percentage of the delinted seed was worked out and the figures are given below:—

Control.	Light delinting.	Intermediate degree of delinting.	High degree of delinting.
55.0	63.0	66.3	63.6

Letter No. 2657 dated 14th September 1938 from Chamber to the Secretary, Indian Central Cotton Committee, Bombay.

With reference to your letter No. 8070, of the 27th July 1938, from the particulars re: the delinting plant in the Punjab furnished therewith, it is evident that the price obtained for linters was very low and that there was a *prima facie* case for exploring the possibilities for the use of linters so as

to make delinting an economic proposition. If the artificial silk industry is developed in the country, linters could advantageously be used for the manufacture of pulp, the raw material required for that industry. I am, therefore, directed by my Committee to suggest to the Indian Central Cotton Committee that they should investigate the possibilities for developing the artificial silk industry in the country and for the use of linters for the manufacture of pulp for that industry. As it is, the absence of any economic use for linters has stood in the way of delinting, and both in the interests of cotton growing and in the interests of developing the manufacture of artificial silk in the country it is very necessary to investigate this question fully.

My Committee will be glad to be informed of the steps that the Indian Central Cotton Committee propose to take in the matter.

Letter No. 531 of 1938 dated 23rd September 1938 from the Secretary, Indian Central Cotton Committee, to Chamber.

In continuation of paragraph 2 of my letter No. 8070, dated the 27th July 1938, I have the honour to forward the following information regarding the defibrating machine installed at Palej.

(*a*) Out of a total quantity of 13,442 lbs. of cotton seed purchased during two seasons for experimental purposes, 5,530 lbs. of seed were used for conducting oil tests in the Expeller and Rotary *Ghani*, 5,440 lbs. were sold and about 150 lbs. were used for distribution and germination tests; the remainder, which consisted of broken seed mixed with fuzz and dust, was regarded as useless material.

(*b*) The approximate cost of defibrating the seed amounted to Rs. 4|- to Rs. 5|- per ton.

(*c*) The percentage of fuzz in the raw seed was 8.42 and that in the defibrated seed from 4.13 to 7.64 according to the degree of defibration. Actual recovery of fuzz could not be ascertained as broken seed, husk, bobs, leaves, etc. were blown into the lint chamber along with the fuzz by the fan during the process of defibration.

(*d*) The percentage of oil in the raw seed was found to be 22.41 and that in the defibrated seed from 18.87 to 20.96 according to the degree of defibration. The recovery of oil with the expeller was 12.8 per cent from raw seed and 11.8 per cent from defibrated seed.

2. No delinting machine was installed in connection with the experiments carried out at Palej.

Letter No. 696 of 1938 dated 30th September 1938 from the Secretary, Indian Central Cotton Committee, Bombay, to Chamber.

With reference to your letter No. 2657, dated the 14th September 1938, I have the honour to say that the question of the utilisation of linters for the manufacture of artificial silk is already being examined by my Committee.

APPENDIX 104

Arbitrary Fixation of Cotton Prices by the Japan Cotton Spinners' Association Disregarding Old Contracts.

Telegram dated 26th January 1938 from Chamber to the Japan Cotton Spinners' Association, Osaka.

Committee Indian Merchants' Chamber have grievously heard of the resolution of your Association to violate sanctity of contract in regard to high priced contracts for Indian Cotton presently outstanding with members of cotton trade here. It is extremely regrettable that a body of able and honourable businessmen like yours should initiate such proceedings with the full knowledge and understanding of all its implications. Committee strongly urge you reconsider decision failing which it is feared Indo-Japanese business relations will suffer.

APPENDIX 105

Exchange Banks and Indian Insurance Companies.

Letter No. 2675 dated 15th September 1938 from Chamber to the President, Exchange Banks Association, Bombay.

I am directed by my Committee to address you on the issue of the difficulties experienced by Indian merchants and Indian Insurance Companies by the reluctance on the part of the Exchange Banks to accept policies issued by Indian Insurance Companies. It may be recalled that this is not the first occasion on which a general dissatisfaction has been felt in regard to the attitude of the Exchange Banks towards Indian Insurance Companies. At the instance of my Committee, the matter was fully discussed by the Indian Central Banking Enquiry Committee, both in the majority and minority reports. Concrete instances of loss of insurance business to Indian companies by the restriction in question were also placed before the said Committee.

It was suggested then on behalf of the Exchange Banks Association that there was no prejudice against Indian Companies, as such, and that the Banks were mainly concerned with the standing of the companies. This consideration was examined by the Banking Committee and a suggestion was put forward that "the Exchange Banks Association should lay down standards to which the Insurance Companies should conform for obtaining confidence of the Exchange Banks", and that "the Exchange Banks should thereafter publish a list of Indian and non-Indian Insurance Companies which conform to those standards whose policies should be accepted by all the Exchange Banks without limit". It is pertinent to point out in this connection that no Bank has been put to any loss on account of the acceptance of policies of any Indian Insurance Company. Moreover, under the new Insurance Act, the requirements laid down on companies in the matter of deposits, etc., are such as may generally be expected to protect the interests of policyholders, and the contention of security and standing loses much of its force. My Committee feel that the Exchange Banks Association should take

early steps for "the establishment of more cordial relations between the Exchange Banks and Indian Insurance Companies". They would like to know if the matter has been examined by your Association in the light of the suggestions and recommendations made by the Banking Enquiry Committee, and, if so, whether they have come to any understanding with a view to meeting the just complaints and legitimate expectations of the Indian Insurance Companies and merchants.

My Committee hope that the matter would receive the sympathetic consideration of the Exchange Banks Association and that any such artificial impediments in the way of Indian Insurance Companies getting their legitimate share of business will be removed.

Letter dated 27th September 1938 from the Chairman, Bombay Exchange Banks' Association, to Chamber.

Your letter of the 15th instant has been circulated amongst the members of this Association and, in reply, I am directed to state that no impediments of any nature are placed in the way of Indian Insurance Companies by the Exchange Banks and that no prejudice against Indian Companies, as such, exists.

Most of the members of this Association have limits for all Insurance Companies and each limit is fixed in relation to the standing of the individual Company concerned.

Letter No. 2849 dated 12th October 1938 from Chamber to the Secretary, Indian Insurance Companies Association, Bombay.

I had sent to you for the information of your Association a copy of my letter No. 2675 dated 15th September '38 to the President of the Exchange Banks' Association. I am now sending herewith a copy of the reply received.

My Committee will be glad to have the views of your Association on the statements made in the reply from the Exchange Banks' Association.

APPENDIX 106

Export of Oilcakes and Insurance with Indian Companies.

(For previous correspondence refer to page 523 of the Annual Report for the year 1937).

Letter No. 530-I(1)/38 dated 21st January 1938 from the Joint Secretary to the Government of India, New Delhi, to Chamber.

With reference to your letter No. 2462, dated the 3rd September 1937, addressed to the Indian Trade Commissioner, London, in so far it relates to the subject noted above, I am directed to enclose a copy of this Department letter to the Secretary, the Indian Chamber of Commerce, Calcutta, No. 2045-C, dated the 26th May 1931, and to enquire whether any action has been taken on the lines therein suggested.

Copy of Letter No. 2045-C dated the 26th May 1931 from Assistant Secretary to the Government of India, Department of Commerce, to the Secretary, Indian Chamber of Commerce, 135, Canning Street, Calcutta.

Subject:—Amendment of Clause 16 of the Contract Form prescribed by the London Cattle Food Trade Association.

With reference to your letter No. P.A.10, dated the 19th November 1930, on the above subject, I am directed to say that the Government of India have been in consultation with the High Commissioner for India in London, and are now in a position to communicate to you their views on the matter to which your Chamber has called attention.

2. In the first place it may be remarked that, while under the terms of clause 16 of the Contract Form prescribed by the London Cattle Food Trade Association Insurance Companies in the Dominions are excluded from the business in question equally with Indian Companies. It appears that the matter is not at present one of serious concern to the Dominions which are interested in the trade in cattle foods with the United Kingdom, namely, Canada and the Union of South Africa, since marine insurance for their trade

is affected by British Companies having branches in those two Dominions.

3. As regards Indian insurance companies it is understood that the efforts hitherto made by the Indian Chamber of Commerce in Great Britain to secure an amendment of the clause in question were based on a representation which they received from one Company, namely, the New India Assurance Company of Bombay. It appears to be desirable that all Indian Companies interested in this class of business and having agents in London should acquaint themselves fully with the present position through their agents and, if they are satisfied that they are losing business which they would be likely to obtain but for the existing conditions prescribed in the form of contract employed by the London Cattle Food Trade Association should, through their agents, jointly approach the Association. Further, if such a joint representation is made, the Government of India consider that it would have a greater chance of success if, firstly, the Indian Companies were able to obtain the support of Canadian and South African Insurance Companies, and, secondly, if the request for revision of the clause in question were limited to the inclusion in it of Dominion and Indian Companies having agents in London who are entitled to settle local claims without a prior reference to their respective principals.

4. I am to add that if a representation is made to the Association by the Companies on the lines indicated above the Government of India will be glad to render any possible assistance through the High Commissioner in London.

Letter No. 895 dated 18th March 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

With reference to your letter No. 530 (I)|38 of the 21st January 1938, my Committee have considered the above matter and they have, as suggested by Government, advised the Indian Insurance Companies Association to get the companies interested in this class of business to make a joint representation to the Cattle Food Trade Associations.

With regard to the suggestion that the co-operation of the South African and Canadian companies be enlisted in this move, my Committee fear that having regard to the fact that there are no companies from these countries doing business in India, it would, perhaps, be not practicable to obtain their co-operation in this effort.

Letter No. 896 dated 18th March 1938 from Chamber to the Secretary, Indian Insurance Companies Association, Bombay.

I refer to my letter No. 377 of the 3rd February on the above subject forwarding copy of a letter received from the Government of India regarding the exclusion of Indian and other companies for purposes of insurance under the terms of the Contracts of the London and Liverpool Cattle Food Trade Associations. My Committee have since considered the said letter. Government have therein suggested that a joint representation may be made by all the Indian companies interested in this class of business to the Cattle Food Trade Associations with a view to get the restriction in question removed. I am desired by my Committee to commend this suggestion to the consideration of your Association and that the necessary steps to enlist the co-operation of all Indian Insurance companies interested in the matter may be made at an early date.

With regard to the suggestion in the Government reply that efforts should be made to get the South African and Canadian companies to join in such a move, my Committee are informing Government that, having regard to the fact that there are no companies doing business from those countries in India, it would not be practicable to secure their association in such an effort. I shall be glad to be kept informed of any move taken by your Association in the matter.

APPENDIX 107

War Risk—Waterborne Agreement

Letter No. 1002 dated 25th March 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of my Committee has been drawn to the changes effected in respect of granting War Risk cover as a result of the above agreement. A copy of the notification issued by the Bombay Underwriters' Association explaining the scope and effect of the Agreement is enclosed herewith. Under the terms thereof, Marine Underwriters would limit the cover granted under a marine policy from the time the insured goods were loaded on board the vessel and till the time the same were discharged overside from the vessel or until the expiry of 15 days from the day on which the vessel was anchored at the port of discharge. The above change, it is understood, is being adopted throughout the world. Thus the exclusion of such risk from the insurance cover creates a situation which may be fraught with serious consequences to trade and commerce. It is therefore necessary to devise some alternative means of affording the necessary protection or cover to goods coming within the scope of the exclusion contemplated under the above agreement. In this connection, my Committee would like to suggest to Government that a scheme of State Insurance for such risk may be introduced if such a scheme is in vogue or is introduced in any other country. It is requested that Government may collect information as to what has been done in other countries in the circumstances and examine the possibilities of the State undertaking some kind of insurance for the type of risk under discussion.

BOMBAY UNDERWRITERS' ASSOCIATION

NOTIFICATION

WAR RISK

"Waterborne" Agreement

Marine Underwriters, after a prolonged study of the situation, have decided that under modern conditions of

warfare such widespread destruction of property is possible that the accumulated cargo values at certain ports would create liabilities which even the whole Marine Insurance Market might well be unable to meet.

In this connection it will be recalled that Non-Marine Underwriters have already ceased to grant war risk cover on shore and Marine Underwriters now propose to limit the cover granted under a Marine Contract to the period from the time the interest is loaded on board the overseas vessel until such interest is discharged overside from the overseas vessel or until the expiry of 15 days from midnight of the day on which such vessel is safely anchored or moored at the final port of discharge whichever shall first occur. The agreement is to be made applicable to sailings on and after 1st February, 1938, and in order to bring the agreement into force the necessary War Cancellation Notice will be given during the course of this week under all insurance contracts, it being understood, however, that in respect of Sales Contracts entered into prior to the 23rd December, 1937, permission may be given in such circumstances to grant the existing war risk cover for sailings up to and including 31st March, 1938.

The agreement come to by Marine Underwriters will apply to original and reinsurance contracts irrespective of nationality.

The clauses to be embodied in contracts giving effect to the above-mentioned limitation of cover are set out below.

1. Warranted free of capture, seizure, arrest, restraint or detainment, and the consequences thereof or of any attempt thereat; also from the consequences of hostilities or warlike operations, whether there be a declaration of war or not, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or piracy.

2. Warranted free of loss or damage caused by strikers, locked-out workmen or persons taking part in labour disturbances, riots or civil commotions.

3. Should the risks excluded by Clause 1 (F. C. & S. Clause) be reinstated in this policy by deletion of the said

Clause, or should the risks or any of them mentioned in the same clause or the risks of mines, torpedoes, bombs or other engines of war be insured under this policy, then notwithstanding anything in this policy to the contrary.

(*a*) the insurance against the said risks shall not attach to the interest hereby insured or to any part thereof

(i) prior to being on board an overseas vessel,

(For the purpose of this Clause 3 an overseas vessel shall be deemed to mean a vessel carrying the interest from one port or place to another where such voyage involves a sea passage by that vessel).

(ii) after being discharged overside from an overseas vessel at the final port of discharge,

or

after expiry of 15 days counting from midnight of the day on which the overseas vessel is safely anchored or moored at the final port of discharge, whichever shall first occur.

(iii) at a port or place of transhipment to another overseas vessel after expiry of 15 days (counting from midnight of the days on which the overseas vessel entering with the interest is safely anchored or moored) until the interest is on board the on-carrying overseas vessel.

In the event of the exercise of any liberty granted to the Ship-owner or Charterer under the contract of affreightment whereby such contract is terminated at a port or place other than the destination named therein such port or place shall be deemed the final port of discharge for the purpose of this Clause 3.

(*b*) this policy is warranted free of any claim based upon loss of, or frustration of, the insured voyage or adventure caused by arrests, restraints or detainments of Kings, Princes, Peoples, Usurpers or persons attempting to usurp power.

If anything contained in this policy shall be inconsistent with Clause 3 (*a*) and 3 (*b*) or either of them it shall to the extent of such inconsistency be null and void.

J. W. T. LEITH,
Secretary.

APPENDIX 107 A

Insurance Against War and Civil War

Letter dated 30th March 1938 from the Secretary, the Bombay Fire Insurance Association, Bombay, to Chamber.

I refer to my letter of the 16th January, 1937 and am directed to inform you that my Committee, in consultation with the Fire Offices' Committee (Foreign), London, and Sister Associations in India, have now decided to adopt the following alternative Clauses for insertion in policies issued under this Association's Riot and Civil Commotion Tariff, with effect from 31st March, 1938:—

Clause A. Covering Fire damage only:—

"Loss or damage by fire to the property insured directly caused by person taking part in riots or civil commotions".

Clause B. Covering Fire and other damages:—

"Loss of or damage to the property insured (including loss or damage due to fire or explosion) directly caused by persons taking part in riots or civil commotions or by strikers or locked-out workers or by persons taking part in labour disturbances or by persons of malicious intent acting on behalf of or in connection with any political organisation ; also loss of or damage to the property insured (including loss or damage due to fire or explosion) directly caused by the action of any lawfully constituted Authority in connection with the foregoing perils only".

It will be observed that the wording under Clause A has been simplified but the cover afforded by the standard fire policy endorsed with the said Clause does not exclude the risk of fire damage by any of the contingencies which it has been necessary to specify in Clause B.

It will be noted that the Cover includes loss or damage caused by the operation of Martial Law and by the Military in connection with Riots, Strikes and Civil Commotion.

These Clauses will be applied to all new insurances and renewals as from the above date.

APPENDIX 108

Difficulties of the Pharmaceutical Industry

Letter No. 2267 dated 6th August 1938 from Chamber to the Collector of Customs, Bombay.

I have received enquiries regarding the procedure adopted at the Customs about assessment of duty on containers. The point may be made clear by an illustration. Medicines, when imported in bottles, are assessed to duty at 30 per cent *ad valorem* (standard), and in some cases there are tariff values fixed also. A point is raised whether in collecting duty on the above basis any provision for collection of duty on containers is made. It may be pointed out that bottles, when imported by themselves, bear 30 per cent duty, and the object of this enquiry is specifically to know whether such bottles, when imported as containing some medicines bear any duty, and if so the basis on which such duty is collected by the Customs authorities. Please let me have an early reply.

Letter No. S/26-1570/38A dated 15th August 1938 from the Assistant Collector of Customs, Bombay, to Chamber.

"In reply to your letter No. 2267 dated 6-8-'38, I have the honour to state that bona fide trade packing and containers are not separately assessed to duty unless they have a specially high separate value when emptied, in which case (e.g.

drums containing Java spirit, petrol or kerosene tins, but not beer bottles, paint drums or lubricating oil tins) the packing or containers are assessed as separate goods at the rate of duty appropriate to them considered as separate goods. Where such separate assessment does not take place, the cost of packing and containers is part of the 'real value' of the goods".

Letter No. 2420 dated 20th August from Chamber to the Secretary, Central Board of Revenue, Simla.

The Committee of this Chamber have addressed the Government of India on more than one occasion pointing out to them the difficulties caused by the lack of uniformity in the Excise Rules and Regulations in the various British Indian provinces and the Indian States. They have urged upon Government the desirability of taking action with a view to secure uniformity in all such Rules and Regulations. At one stage the Government of India thought that as under the Government of India Act 1935, all such matters were constitutionally within the control of local Governments, any initiative for a collective effort in co-ordinating such Rules should come from the Provincial Governments. On further representation, however, Government were good enough to have the matter considered at the 8th Industries conference. As a result of the decisions arrived at that conference a further Excise Conference was convened by the Government of India in November last to pursue this question. The result of this conference is not yet known. It is, however, understood that the conference came to certain tentative decisions regarding the need for securing uniformity in such Rules and Regulations.

I am directed by my Committee to address Government once again with a request that they will be pleased to pursue the matter further with the Provincial Governments with a view to modifying all such Rules and Regulations and with a view to bringing into effect such unified rules from as early a date as possible. In the absence of such uniformity the Pharmaceutical interests in the country feel considerable difficulties in transporting and marketing their goods from

province to province and my Committee feel that no time should be lost in putting an end to such an unsatisfactory state of affairs.

In the end my Committee beg to strongly urge that any such attempt at unification should also include the Indian States as otherwise the problem will only be partially solved.

Letter No. C. No. 470-E.O./36 dated 17th September 1938 from the Second Secretary, Central Board of Revenue, Simla, to Chamber.

With reference to your letter No. 2420, dated the 20th August 1938, on the above subject, I am directed to say that an account of the decisions reached at the Excise Conference will be found contained in a pamphlet entitled "Excise Conference — Summary of Proceedings — New Delhi, 8th to 10th November, 1937," copies of which are available with the Manager of Publications, Delhi, at annas 12 per copy, and to suggest that all your enquiries and suggestions on the subject should be addressed to local authorities concerned.

APPENDIX 109

Tenders for the Supply of Stationery

Letter No. 2660 dated 14th September 1938 from Chamber to the Controller of Printing and Stationery, Calcutta.

The Committee of this Chamber will be greatly obliged if you will be good enough to supply the following information to them :—

(1) What is the period allowed for submission of tenders for stationery and printing materials ;

(2) What is the medium of advertisement for inviting tenders ; are advertisements given in any public papers of Bengal or other provinces, or do they appear only in the Trade Journal ;

(3) What are the charges for tender forms for groups of articles ;

(4) Are the tenders invited for groups of articles or for different articles separately ;

(5) Are the tenders being invited at one and the same time or are they invited at different periods, and sometimes even for small supplies ?

This information is required for people on this side who are interested in these tenders and you will therefore please supply the same at an early date. I shall also be obliged if you will kindly send to me specimen of different tender forms issued by you with the charges for each.

Letter No. P-51/4827/37 dated 13th October 1938 from Deputy Controller, Central Stationery Office, Calcutta, to Chamber.

With reference to your letter No. 2660, dated the 14th September 1938, I have the honour to reply as follows:—

(1) A reference to columns 3 and 4 of page 2 of the annexed "Tender Notice" will show the periods allowed for submission of Tenders.

(2) Tender Notices are advertised in the leading newspapers of India, viz. (1) The Statesman, Calcutta, (2) The Amrita Bazar Patrika, Calcutta, (3) The Star of India, Calcutta, (4) The Times of India, Bombay, (5) The Hindu, Madras, (6) The Civil & Military Gazette, Lahore, (7) The Pioneer, Lucknow, and (8) The Indian Trade Journal, Calcutta.

(3) The prices of Tender Forms are mentioned in the last columns of pages 3 and 4 of Part I and pages 3 to 5 of Part II of the Tender Notice enclosed herewith.

(4) Tenders are invited for the articles in groups as well as separately as will be seen from the annexed Tender Notice.

(5) Tenders are invited usually in the month of August each year. Quotations for casual demands are also called for as and when required from firms in Calcutta, Bombay and other parts of India. Tender Forms cannot be supplied free of charge but can be had on payment of requisite fees mentioned in the annexed Tender Notice.

Letter No. 3229 dated 21st November 1938 from Chamber to the Deputy Controller Central Stationery Office, Calcutta.

Re: Tenders for Supply of Stationery

Your letter No. P-51|4827|37 dated 13th October 1938, was considered by my Committee at their last meeting, and I am directed to say that in order to afford full and fair opportunities to merchants and manufacturers all over the country, to tender for the requirements of stationery, my Committee wish to make the following suggestions, which, they hope, your Department will be good enough to accept :—

(1) The first suggestion is that charges for the tender forms should be reduced. A supplier who wishes to quote for the whole range of the requirements referred to in the tender notice will have to spend a fairly good amount on tender forms. At the same time, my Committee realise that opportunities for smaller merchants tendering for individual items should not be curtailed by issuing a composite tender form with a comparatively higher price. They feel that the difficulties can be met by reducing the charges prescribed for the different forms ; thus tenders for individual items can be encouraged and at the same time a tenderer who wishes to quote for a variety of items will not find the charges for the forms an initial burden.

(2) Another suggestion which my Committee wish to make is that a period of not less than one month between the date of issue of the tender forms and the date for submission of tenders should invariably be allowed. This will give a reasonable time for mofussil suppliers to tender for the requirements.

Letter No. P-51 |5241|37 dated 6th December 1938 from the Deputy Controller, Central Stationery Office, Calcutta, to Chamber.

With reference to your letter No. 3229, dated the 21st November 1938, I have the honour to say that the prices of Tender Forms are fixed on the value of contracts involved in each tender group and based on the same sliding scale as adopted by the Indian Stores Department. It may also

be pointed out that the rates are not more than those of the other Departments of the Government. No modification is also possible in the method of grouping of items in the tender, as they are based on the consideration that the bona fide manufacturers who manufacture article or group of articles of the like nature, would be prepared to buy only those tenders for the item or items they are interested and to discourage indiscriminate quoting by intermediaries.

As regards your Committee's suggestion for the extension of time limit for the submission of tenders, I would like to state that the present system of allowing intervals between the dates of issue of tender forms and the dates of submission of the same is in vogue for a considerable number of years and no difficulty has hitherto been experienced in obtaining competitive tenders from the *bona fide* manufacturers in or outside India or their accredited agents. It may be noted that in response to the annual call for tenders advertised in the leading newspapers of all the provinces and the 'Indian Trade Journal' tenders are received from the furthest corners of India.

In view of the facts stated above it is considered that the existing procedure do not warrant any alteration whatsoever.

Letter No. 3489 dated 20th December from Chamber to the Deputy Controller, Central Stationery Office, Calcutta.

I am directed to acknowledge the receipt of your letter No. P-51|5241|37, of the 6th December 1938, on the above subject, and in reply to observe that my Committee are disappointed that the suggestions made by them in their letter dated 21st November have not met with your approval. In the second paragraph of your letter, you observe that no difficulty has hitherto been experienced in obtaining competitive tenders. The suitability or otherwise of a system must be judged with reference not only to the experience of the Department but also of the tenderers. The very fact that complaints have been made about the system, and that my Committee and certain other Chambers have thought it necessary to address your Department in the matter, indicates that from the point of view of the tenderers the procedure

stands in need of certain improvements. My Committee, therefore, desire to reiterate that, having regard to the fact that their suggestions could be given effect to without any inconvenience to the department, the changes in question may be approved and brought into force.

My Committee wish, particularly, to suggest that at least in the case of a tenderer, who tenders for a range of the Department's requirements and thus has to buy a number of tender forms, some concession in the charges for the forms may be given. Thus, while the group system still facilitates opportunities for smaller tenders for submitting quotations for individual items, the concessional prices for the forms for a tenderer who quotes for a variety of items will minimise the grievance on account of the high scale of charges in force for the forms. My Committee hope that you will be good enough to accept at least this new suggestion of theirs.

Letter No. P-51/5516/33 dated 13th January 1939 from the Deputy Controller, Central Stationery Office, Calcutta, to Chamber.

In acknowledging receipt of your letter No. 3489, dated the 20th December 1938, I have the honour to say that the dates of submission of Tenders, which are in vogue for a considerable time, were fixed after matured deliberations and on past experiences from all points of view just to accommodate the intending tenderers from all over India. Four firms of your Presidency and twelve others from the different provinces of the Punjab, Madras, Behar and United Provinces have been able to secure contracts from this office for the next financial year and as such this office fails to understand why the other intending tenderers from your province could not adjust matters to respond to this office call for tenders.

As regards the grouping of items and fixing their prices, I beg to inform you that no better arrangements than what are in vogue can practically be made in view of what was stated in the latter portion of para 1 of my letter No. P-51|5241|37, dated the 6th December 1938. The experience of this office points to the conclusion that the best interests

of the manufacturers from whom alone competitive prices are received are served by the present grouping and pricing of forms.

I am, however, prepared to consider on their merits specific cases of grievance on the score envisaged in your letter under reply instead of altering the present arrangements on hypothetical cases.

APPENDIX 110

Exclusion of Indian Tiles from Tenders of N. W. Railway

Letter No. 2661 dated 14th September 1938 from Chamber to the Secretary, Railway Board, Simla.

The attention of the Committee of this Chamber has been drawn to a tender issued by the North Western Railway for tiles, wherein it is explicitly forbidden to quote for "Indian, Japan or Continental tiles". The meaning of this is evidently that only British tiles have to be quoted. Surely, this is going against the spirit of the rules and regulations that have been passed upto now by Governments, whether Central or Provincial, regarding the encouragement to Indian indigenous articles. It has been made very clear by all the Stores Purchase Rules and others that Indian articles have to be purchased sometimes even at a price preference ; and yet the North Western Railway, which is a State Railway, is asking for only British tiles. My Committee beg to strongly protest against this exclusion of Indian made articles from the purchases of State Railways and request the Railway Board to be pleased to issue instructions that such tenders should not be issued at all and that purchases should be made of Indian articles wherever these are available.

Letter No. 38/777/1/S dated 22nd February 1939 from the Deputy Director, Railway Board, New Delhi, to Chamber.

With reference to the correspondence resting with this office letter No. 38/777/1/S, dated the 27th September 1938, I am directed to say that the tiles in question were required to

replace damaged tiles in lavatories of existing coaching stock. Non acceptance of tiles from certain sources was stipulated because experience has shown that such tiles are unsuitable for use in conjunction with the tiles already existing in the lavatories.

APPENDIX III

Government Printing Presses and Private Jobs.

Letter No. 2889 dated 18th October 1938 from Chamber to the Chief Secretary to the Government of Bombay, Poona.

My Committee are informed that the Government of Bombay propose opening out the Government Printing Press both at Bombay and Poona for purposes of receiving work from outside public, i.e. from mercantile firms and individuals and also from semi-public bodies like the Bombay University and the Bombay Municipal Corporation. These semi-public bodies are at present giving their work to private printing presses, and the commercial public as well as individuals are naturally giving work also to private presses. If Government step in this field and take work from all these bodies for their Government Presses at Bombay and Poona, it will be setting up a competition of Government with private agencies. Government cannot be unaware of the fact that since the last several years, Chambers of Commerce, both Indian and European, are strongly opposed to such a competition. It will be setting up a very wrong principle if private enterprise is to face the competition from institutions run by Government Agents. It was for the same reason that the commercial community as represented by Chambers of Commerce opposed using the Jails as factories for turning out goods which would compete with private enterprise. Under the circumstances, my Committee beg to request that Government will be pleased not to open out Government Printing Presses for private work or work of public institutions, and to withdraw the proposal if it has been mooted already.

APPENDIX 112

Minimum Scale of Fees for Registered Accountants.

Letter No. 592 dated 21st February 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of the Committee of this Chamber has been drawn by the Indian Society of Accountants and Auditors to the proposal recently made by your Department to fix a minimum scale of fees for Registered Accountants and Restricted Certified Accountants. My Committee have considered the suggestion carefully and are of opinion that it is not only impracticable but will also prove adverse to the interests of both Registered Accountants and Restricted Certified Accountants. My Committee do not understand how the suggestion has come to be made. So far as they are aware neither the Accountants nor the commercial community have made any such suggestion. Fixation of a minimum scale will not improve the prospects of junior men in the profession, as Government expect. On the contrary, as the Association points out it may tend to eliminate healthy competition from junior practitioners and to concentrate the work mostly in the hands of senior men.

My Committee are informed that in no other part of the British Empire is there prevalent a minimum statutory scale of fee for professional accountants. Then there is the large class of unqualified men in the country and if such a minimum is fixed for professional audit it may happen that a large quantity of the ordinary auditing and accounting work may go to these unqualified people at the sacrifice of men in the regular profession. It is also doubtful if the Government of India can fix up a minimum under Section 144 of the Indian Companies' Act. Under these circumstances, my Committee are strongly opposed to the suggestion put forward by the Government of India and hope they will be pleased in the interests of the profession itself to withdraw the suggestion.

APPENDIX 113

Difficulties of the Bombay Customs Dalals Association.

Letter No. 2659 dated 14th September 1938 from Chamber to the Collector of Customs, Bombay.

The attention of the Committee of this Chamber has been drawn to a grievance felt by the Bombay Customs Dalals with regard to the rent order issued by your Department to keep the Cash Department working till 2-30 p.m. only. Upto recently the Cash Department was working till 3-30 p.m. and this curtailment of the time will cause harassment, annoyance and inconvenience to the Customs Dalals, which mean the trade and business will also be interfered with. The business community will have to pay extra fees on goods in the docks if there is any failure in payment of Customs duty at 2-30 p.m. on the last day of the General Landing. My Committee are informed that while the order is issued to keep the Cash Department open only till 2-30 p.m., the lunch time for several officials being just at about that time the Cash Department for all practical purposes may be deemed to be closed at 1-30 or 1-0 p.m. They think it impossible for the Customs Dalals to make their payments at the required time. My Committee have considered the situation and are of opinion that it is urgently essential in the interests of trade and commerce to revert to the original closing timing for the Cash Department, viz. 3-30 p.m. and hope that you will be pleased to pass these orders.

Notice No. 40 dated 24th September 1938 from the Collector of Customs, forwarded to Chamber.

With effect from the 26th September 1938, the Cash Department of this Custom House will be open for receiving and making payments on week days, other than Saturdays, during the following hours:—

	On week days.
(*i*) Receiving money ..	10-30 a.m. to 3 p.m.
(*ii*) Payments	10-30 a.m. to 2-30 p.m.
(*iii*) Unendorsed cheques on banks that are members of the Clearing House ..	10-30 a.m. to 1 p.m.

2. On the last working day of every month, the Receiving Windows will be closed from 12 noon to 1 p.m. The paying window will however be closed at 12 noon.

3. The working hours on Saturdays remain unchanged.

4. This office notice No. 35 dated 31-8-1938 is hereby cancelled.

APPENDIX 114

Additional Denominations of Weights and Measures.

Letter No. I.G.12(a)15148 dated 17th June 1938 from the Director of Industries, Bombay, to Chamber.

I have to forward herewith one copy of the above draft notification in regard to the rules proposed to be framed for the new and additional denominations of weights and measures recognised recently under the Act for your objections and observations thereon. The same are to be forwarded to the Secretary, General Department, Government of Bombay, on or before the 15th July 1938.

Letter No. 2018 dated 13th July 1938 from Chamber to the Director of Industries, Bombay.

With reference to your letter No. I. G. 12 (*a*)|15148 of the 17th June 1938, my Committee have considered the draft rules published with the Notification of the General Department dated 11th May 1938 and wish to make the following suggestions.

Rule 7 (c) (ii): In the Rule as drafted the provision of a wooden strip in dry measures of the capacity of half-a-maund and over is not obligatory. My Committee suggest that such a strip should be made compulsory and to this end the word "may" in the second sentence of the rule be changed to "shall".

Rule 25 (3): The draft rule prescribes that all weights of the Bullion tola series of the denomination of 100 tolas and under should be flat and circular with or without a lifting

knob. It has been pointed out to my Committee that it would be inconvenient to have a small weight as 1|16 tola circular in shape as a corner of the weight would have to be turned up to facilitate its handling. It is also not possible to provide holes for lead plugs in such small weights.

My Committee, therefore, suggest that such small weights may be allowed to be flat and square. Subject to the above two minor chances, my Committee are in general agreement with the draft rules.

APPENDIX 115

Constitution of an All-India Industrial Council.

Letters Nos. 139 & 140 dated 14th January 1938 from Chamber to Mr. Manu Subedar and Mr. M. C. Ghia.

I am directed to inform you that at the last meeting of the Committee held on 11th January 1938, the following resolution was passed :—

"This meeting of the Committee of the Indian Merchants' Chamber resolves that the Government of India be requested to set up:

1. An all-India Industrial Council for the purpose of co-ordinating Factory and Labour Legislation in different provinces.
2. And further resolves to also urge the Provincial Governments to constitute Economic and Industrial Council for collaboration with other Provinces for initiation, establishment and development of Industries having full regard to the easy availability of raw materials as also of the markets for the finished products keeping in view the special objective of establishing, co-operating and complementary industries.

This meeting further resolves to send copies of the resolutions to the Chamber's representatives in the Legislatures for such action, as would give effect to the resolutions and

also to other representatives of Commerce and Industry with a request that they be pleased to move similar resolutions in the Legislative Assemblies and Councils".

In terms of the concluding part thereof, I am directed to request you to kindly do the needful in the matter.

APPENDIX 116

Bombay Economic and Industrial Survey Committee

Letter dated 12th May 1938 from the Secretary, Bombay Economic and Industrial Survey Committee, to Chamber.

The Government of Bombay have appointed an Economic and Industrial Survey Committee with the following terms of reference:—

(1) To examine the present position of small industries in the Province and to report on their place in the Provincial economy in relation to agriculture and large industries.

(2) To survey the work done by the Government of Bombay in the realm of economic development within the Province during the last 17 years, with special reference to agriculture, large industries and small industries.

(3) To report on the measures which Government can undertake to promote economic development within the Province and to suggest methods for financing the same.

(4) And finally to make such other recommendations as pertain to State policy with regard to economic development within the Province.

The Committee having started their work are trying to collect information on the points mentioned in the enclosure. The Committee will be grateful if your association can kindly supply such information as you can, on all or *any* of these heads of inquiry in which you are interested and also make

such other suggestions as are generally pertinent to their terms of reference.

I shall be grateful if you will kindly arrange to send me seven copies of your reply. You will be further facilitating the work of the Committee if your replies could be sent to my office on or before Friday the 1st July.

DETAILED HEADS OF INQUIRY UNDER WHICH INFORMATION IS BEING COLLECTED.

(*N.B.*) By a *cottage industry* is meant an industry in which operations are carried out by hand.

By a *small-scale industry* is meant an industry in which operations are carried out by power, and in which are engaged concerns, not registered under the Indian Factories Act of 1934.

1. Raw materials available in the Province, Minerals, Forest Produce, Agricultural Produce, Livestock Products, places where found, quantities found, vicinity of sources of power, possibilities of the economic utilisation of these raw materials.

2. Manufactured goods generally consumed in the Province, which are of foreign manufacture or are imported from other Provinces; how far they can be replaced by articles of local manufacture on an economic basis. Also the possibility of manufacturing finished products out of materials at present exported from the Province in raw form.

3. Rural and urban cottage industries which have ceased to exist during the last 30 or 40 years. Reasons for their decay with special reference to (and if possible a quantitative assessment of the importance of) (*a*) changes in taste, (*b*) foreign competition, (*c*) internal competition from machine-made substitutes, (*d*) internal competition from among the artisans themselves, (*e*) marketing difficulties, including difficulties of transport, finance, etc., (*f*) decline of the skill and steadiness of the workers themselves. Possibilities or otherwise of their revival.

4. Existing rural (village) cottage industries of the Province. Classification, location, numbers employed and period for which they are employed during a year. Raw materials, technique, maximum extent of competition from (*a*) foreign substitutes, (*b*) Indian machine-made substitutes. Other difficulties. Extent and nature of assistance it is possible and desirable for the State to give. Possibilities of starting new or reviving old village industries.

5. Information under the following heads should be furnished *separately* for:—

(*i*) existing urban cottage industries,

(*ii*) existing small-scale industries,

(*iii*) other existing industries, including those in which are engaged concerns registered under the Indian Factories Act of 1934.

Classification. Description. Location, numbers employed and numbers dependent. Periods for which employed in a year. Estimates of the quantity and value of output. Raw materials. Technique. Markets. Marketing. Finance. Taxation. Competition from abroad. Competition from within, (*a*) from large industries, (*b*) from (*i*) small-scale industries, (*ii*)cottage industries. Analysis of the costs of production and marketing under the heads of (1) raw materials, (2) labour, (3) rent, (4) interest on the value of implements used and depreciation, (5) finance, (6) transport, (7) middlemen's commission. What is the proportion of the value of a product of small industry which goes to the artisan engaged therein. Nature of organisation. Employers and employees. Labour conditions. Standard of life. Efficiency of the worker engaged in these industries. Measures, legislative, administrative and financial, proposed for helping these industries, including possibility and desirability of starting large-scale organisation for co-ordinating the work of these industries of the Province, supplying them with raw material and marketing their finished products. Possibilities of starting new small-scale industries and cottage industries, also that of reviving old cottage industries. Extent and nature of assistance it is possible and desirable for the State to give.

6. Observations on the work done by different departments of Government in promoting the economic development of the Province. Possibilities for the future, with concrete proposals, if any.

Letter No. 2315 dated 11th August 1938 from Chamber to the Secretary, Bombay Economic and Industrial Survey Committee, Bombay.

With reference to your letter of the 12th May, 1938, I am directed to send to you hereby the views of my Committee, with six extra copies, on the detailed heads of enquiry circulated by you.

Views of the Committee of the Indian Merchants' Chamber, Bombay, on the Detailed Heads of Enquiry under which information is required by the Economic and Industrial Survey Committee.

2. **Imports of Manufactured Goods:** Bombay has been for some centuries now the entrepot of foreign trade. It is the Gateway of India not merely in name but in reality; and ever since the British connection was first established, foreign goods have been coming into this country through this port. Goods were originally brought to India by the old mercantile ships and the same work is being done now by steamers of upto date make and manufacture. Government must have got with them figures for the foreign sea-borne trade of Bombay, which give in detail the various articles of merchandise which are brought into this Port and are distributed to all parts of the Presidency. The principal articles are:—

Raw cotton,
Cotton Manufactures,
Machinery & Millwork,
Artificial Silk,
Metals & Ores,
Motor Cars and Motor Cycles, etc.
Dyeing & Tanning substances,
Instruments and apparatus,
Oils,

Silk manufactures,
Cotton twist and yarn,
Paper & Pasteboard,
Wool manufactures,
Hardware,
Fents,
Drugs & Medicines,
Liquors,
Rubber,
Fruits & Vegetables,
Chemicals,
Precious stones and pearls,
Spices,
Provisions and Oilman's stores,
Glass & Glassware,
Raw Silk,
Haberdashery & Millinery,
Paints & Painters' Materials,
Leather & Leather manufactures,
Starch & Farina,
Apparel,
Tallow & Stearine,
Stationery,
Toilet requisites,
Carriages & Wagons,
Belting for machinery,
Grain, pulse and flour,
Wool, raw,
Toys and requisites for games,
Bobbins,
Sugar, and
Others.

My Committee may draw the attention of your Committee in this connection to the omission of particulars regarding several important items from the Sea-borne Trade Returns. My Committee drew the attention of the Government of India to instances such as Healds, Reeds, Combs, Hand-pumps, Teizels, which are not mentioned in the Sea-borne Trade Returns, though articles of much less import-

ance were mentioned. Nothing however has been done in this connection, and my Committee trust that your Committee will emphasise the necessity for giving information in the Sea-borne Trade Returns of India, relating to all such articles which are of importance to our trade and industry. Such information is particularly necessary, so as to enable Indian industrialists to know the details of the requirements met by foreign imports, with a view to efforts to promote corresponding Indian industries being made.

Let us now see what efforts have been made to replace these articles, and also if some of these are replaceable or not.

Raw Cotton : The mills are more and more turning out cotton goods of finer varieties and for this purpose require cotton from the U. S. A., Egypt and Africa. India has begun to produce cotton which can well compete with some of these varieties, but it will still take time for production of indigenous cotton of a finer variety to cope with the local demand. There has been sometimes a cry in some quarters for stopping the imports of foreign cotton, but looking to the interests of finer manufactures, wherein our mills have now begun to compete with Lancashire and other countries, such a suggestion cannot be accepted. Care needs to be exercised with regard to seeds of cotton, as it depends upon these seeds that India will get good varieties of cotton in future. The question of selection of seeds and distribution of seeds suitable for the different areas in which cotton is cultivated should engage attention. It is also necessary to examine the question of soil exhaustion, in order that Indian soil may not become incapable of producing either good commercial crops or good food crops. My Committee should like to bring to your notice that the quality of Indian cotton has also got deteriorated. While greater efforts were being made in this connection by the Indian Central Cotton Committee, they should like to emphasise that efforts in this particular direction are required very much, so that Indian cotton as such may be saved from deterioration and may be developed for the use of industry and for export purposes.

Cotton manufactures: The progress during the last two decades in the region of cotton manufactures is very great, the total production of woven goods having increased from 1,614 million yards in 1917-18 to 3,571 million yards in 1936-37. This has resulted in a heavy decrease in the imports of foreign manufactures as will be seen from the drop in the imports of British manufactures and manufactures of other countries from 1,555 million yards in 1917-18 to 763 million yards in 1936-37.

Cotton manufactures and ancillary industries: It is very necessary to have side industries started by our big mill-owners. If the millowners of the Presidency combine together in starting Factories for making Belting, Picking Bands, Pickers, Shuttles, Bobbins, Healds, Reeds, Loom sundries, Turkey Red Oil, etc., they can bring into existence the above small industries, the output of which can be made available to and consumed by the mills at much cheaper prices than what they have been paying now. The required capital to start such small industries can be raised by the Millowners of the Presidency, the mills taking shares on the basis of spindles and looms. In the absence of such local production these have to be imported from outside, causing thus a drain on the country.

It is also necessary to develop the market and to examine the marketing conditions so that side by side with a successful production there is a successful distribution also. Export market, my Committee are afraid, will be out of our hands and steps have to be taken to see that our regular overseas markets are actually preserved for our industries which are to be developed.

Machinery and Millwork: This is not yet manufactured here and for the time being we shall have to rest satisfied with our imports in their articles. India wants to be industrialised, and industrialisation cannot take place unless we import machinery to a large extent. Efforts must be made to manufacture machinery locally at the same time.

Artificial Silk: This is also not manufactured locally. It is a matter for deepest regret that artificial silk is being

imported in this country to an inordinate extent recently and it cannot be unknown to you that now-a-days cotton waste and short staple cotton are playing a prominent part in the manufacture of artificial silk. The problem, therefore, of utilising these materials which are very abundant in this country for the manufacture of artificial silk needs to be examined very carefully. The question of developing this industry has been under investigation, both by the Indian Central Cotton Committee and at the Research Institute at Dehra Dun. The Government of Bombay are also reported to have actively interested itself in the matter. Early efforts for developing this industry in the country should be made.

Motor Cars, etc.: These also are not manufactured locally, though some foreign plants have been set up for assembling motor cars from imported parts and motors. It is deeply regrettable that an indigenous factory for the manufacture of motor cars has not yet come into being because of the want of protection by the State, although recent reports indicate that the matter is under investigation. The duty on motor cars is only 37½ per cent Standard, and 30 per cent Preferential.

Dyeing and Tanning Substances: Efforts have been made in the past to find out local substitutes for the foreign stuff, but apparently without avail, as the imports now show no signs of decrease. My Committee would like to know if any Government in this country has made serious efforts for cultivation of Wattle trees to supply local needs and to present Wattle bark from being imported in this country.

Oils: Factories have been set up for manufacture of oils form cocoanuts, groundnuts, linseed, etc., and the foreign imports are beginning to show signs of this competition; but petrol and other mineral oils are naturally coming in even to a larger and larger extent on account of the development of the motor transport, as also of industries run by oil. It is now found that power alcohol can be manufactured from molasses and some Indian States are already doing it. My Committee are informed that the United Provinces and Bihar Governments Joint Committee have recently reported in favour of the manufacture of power alcohol from

molasses. If the law were to impose an obligation to use a definite percentage of power alcohol in petrol before use, the power alcohol industry, when started, will be assured of a future.

Silk Manufactures: There are about three or four silk mills set up, but their production is very limited. What we are doing at present is importing foreign silk yarn and weaving them on hand-looms or on power looms set up in small factories. My Committee cannot help saying that the tariff policy of the Central Government with regard to this industry has been very halting.

Cotton Twist and Yarn: The remarks made above with regard to cotton manufactures apply to cotton twist and yarn.

Paper and Pasteboard: With the protection given to paper, the industry shows a good deal of progress; but in the Presidency there are only four paper mills which are mainly using imported paper pulp and do not utilise either straw or bamboo pulp made locally. There is any amount of raw material available in the Presidency and there would appear to be no reason why a proper paper industry is not started and developed; nor why the existing paper factories do not use indigenous raw material. It is regrettable to note that the Central Government recently, by an executive order, removed the surcharge both on paper and pulp, thus taking away a good deal of protection and actually inducing paper manufacturers in this country to use foreign paper pulp, leaving of manufacture of bamboo paper pulp, which was originally the object of the protection given to paper.

Wool Manufactures: This industry has not met with much success and there are at present only about two or three factories manufacturing woollen and supplying only a part of the needs. There are about half a dozen factories in other parts of the country, but even there it is doubtful if this industry has made itself as successful as the cotton textile industry. It is deplorable that the protection to the woollen industry is refused. This industry is largely in the

hands of English-managed concerns, and it behoves Government to find out ways and means whereby the industry can be developed in the hands of Indians.

Hardware: Our local production in this branch of industry is very small, the manufacture generally taking place as a sort of a cottage industry and in small workshops. The articles manufactured mostly are nails, rivets, horse-shoes, etc.

Drugs and Medicines: The important pharmaceutical industry is represented by only three firms of repute, viz. the Alembic Chemical Works Co., Messrs. N. Powell & Co., and the Zandu Pharmaceutical Works, and the other so-called pharmaceutical works are generally devoted to the manufacture of only perfumery and a few medicines. State assistance by reduction in duty on raw drugs, uniform Excise Regulations, etc., are required for this industry.

Chemicals: The industry is represented by the Eastern Chemical Works, the Pioneer Magnesia Works, Messrs. N. Powell & Co., and a few other small concerns. There is scope for the manufacture of chemicals in this country, and if suitable protection is forthcoming there can be started several factories in different parts of the country for supplying essential needs with regard to chemicals. The Chemical industry again is a key industry and no country should be dependent upon foreign countries for the supply of necessary chemicals.

Provisions and Oilman's Stores: It is a matter of very great regret that even the provisions and oilman's stores cannot be manufactured locally, and we have to import them to the tune of more than Rs. 60 lakhs per annum. We have got all the necessary raw materials. In fact, these raw materials are exported to foreign countries and are then treated properly, packed in bottles or tins and exported back to this country for consumption here. Surely, it is the height of industrial indifference, when onion pickles, mango pickles, different chutneys, tomato juice, tomato soups, and the like hundred and one varieties are imported into a country which has not only a wealth of these raw materials, but which possesses local talent in every home for the preparation of such pickles, etc. There is recently a factory started in Bombay

for canning fruits and preserved juice of fruits. There is a scope for not only such factory but several dozens, looking to the amount of fruits the country produces.

Glass and Glassware: This is the industry which has been responsible for a big holocaust of Indian factories. We have not yet been able to make the glass industry a success and it will not be made so, unless the Government of India come out with a bold, open and a generous policy towards it, instead of the cheeseparing one which was evidenced in their resolution on the last report of the Tariff Board.

Haberdashery and Millinery: The remarks made above with regard to provisions and oilman's stores, may well be applied to this case also, as these are nothing but frills and carefully got up dainty-work which can well be done here. In fact, we may even set up this as a cottage industry.

Leather and Leather Manufactures: There is no reason why any single work of leather manufacture should come from outside. This again is an industry in which India should excel. She is one of the big exporting countries of hides and skins, and there is no reason why the hides and skins here should not be so cured and tanned that a suitable leather industry may be developed. It is a cottage industry also. In places like Surat, every shoemaker's shop is a factory by itself. In fact, during 1937-38, boots and shoes worth Rs. 27 lakhs were sent outside, specially to places in Africa. This industry, however, has been receiving a great set back from the competition of foreign firms like Batas, which have opened out factories at Calcutta and other places and are competing heavily with our local Mochis and Chamars. In fact, we have received serious reports with regard to the decadence and even sometimes extinction of these artisans from several districts on account of the competition they have been meeting with at the hands of big foreign manufacturers who have dumped their factories here. Bombay exports a large quantity of goat skins and Government may very well consider the advisability of utilising all these goat skins here and helping processes of tanning, etc., in this country.

Starch and Farina: This also is an industry which should have been developed long before, and yet it is not, and the imports are coming in to meet the requirements of the cotton textile industry. Maize, Jowari and rice are available to any extent in this country. These form the raw materials for starch and, therefore, it is highly desirable that this industry should be started in the country.

Tallow and Stearine: The above remarks equally apply to this industry also. Vegetable products are available in abundance here.

Stationery: Attempts have recently been made to provide indigenous stationery, but still there are great many lacunæ and the local requirements have to be met with by foreign imports.

Toilet Requisites: Several small industries, even some cottage industries, were started and supply toilet requisites; but still there is a good deal of imports coming in. The growth and development, however, of toilet industry, has not affected the foreign imports, as will be seen from the fact that while from 1921-22 to 1925-26 the imports were as follows, they have gone up from 1932-33 to 1936-37, as follows :—

Year.	Amount.	Year.	Amount.
	Rs.		Rs.
1921-22	24,38,751	1932-33	58,13,685
1922-23	41,70,202	1933-34	56,61,474
1923-24	48,94,289	1934-35	64,05,314
1924-25	45,11,419	1935-36	66,06,351
1925-26	49,56,366	1936-37	67,24,897

Carriage and Wagons: If the Railways are willing to give their helping hand, several small industries can be established by them or through their instrumentality for the manufacture of parts for railways, but upto now the railways are getting their requirements either through their own workshops or from foreign sources.

Toys and Requisites for Games: This industry has, to some extent, developed as a cottage industry in various parts.

It must not be forgotten that in several places like Ahmedabad, Patna, Surat, toys of various sorts, both of wood and clay, were manufactured. Through the competition, however, of cheap foreign toys made of tin, all such indigenous toys have been displaced. On account of the Swadeshi movement, however, some help has been given to the local industry, and we again see on the market fairly well-made wooden and clay toys. Various Montessori articles, which can also be considered as pseudo-toys, are also to be found manufactured locally. This is an industry, which requires to be developed, both as a large scale and cottage industry, and attention needs to be bestowed upon it both by industrialists and Government. Celluloid toys are now a great attraction to children, and it is therefore desirable that private capital should be induced, with Government assistance both financial and technical and suitable protection, to start this industry here. Some factories exist already in Calcutta, and it may not be deemed difficult to start a factory for machine-made toys for which there is ample scope as a cottage industry also.

Bobbins: There is only one factory recently started for the manufacture of this very necessary article for the cotton textile industry, and the supply is still very small. The requirements are otherwise met by foreign imports.

Sugar: Sugar is one of the big industries which India has now made her own. The remarkable progress of the industry is seen in the fact that the imports came down from Rs. 1,15,72,000 in 1932 to Rs. 5,94,000 in 1936-37. The sugar industry is mainly to be found at present in the Presidency in the Deccan tract.

With regard to the next sub-head of the Enquiry under Head 2, as to imports from other Provinces, it is found that excepting gunny bags, sugar and tea, all the articles of import consist of raw materials like foodstuffs and oilseeds and no comment is, therefore, necessary for such imports.

With regard to sub-head (3) also under the Head 2, as to the possibility of manufacture of finished products out of

material at present exported from the Province in raw form, our Province is sending out mainly bones, cotton twist and yarn, cotton piecegoods, grain, pulse and flour, hides and skins, oilseeds, etc. It may be laid down as a general proposition which may almost be said to be a platitude that bones, cotton, oilseeds, hides and skins, etc. may well be treated here instead of being exported raw.

There is a very large scope for industry for bicycles and cigarettes. There is a good industry of Bidis in this Province, and looking to the quality of not only our Gujerati and Madras tobacco there is no reason why a cigarette industry should not be started. Manufacture of weighing balances and beams, in view of the new Weights and Measures regulations offers a new field and should be attempted and assisted by Government. There are several factories here and my Committee are sure that they are not able to prosper on account of lack of material resources, absence of good technical advisers and heavy competition from non-Indian concerns which are now planted in this country with vast resources.

Head 3: Rural and Urban Cottage Industries, which have ceased to exist during the last 30 or 40 years:

Khaddar: The Khaddar industry exists in some of the villages as a cottage industry. Generally, however, agriculturists wove Khaddar in their spare time and used it for themselves. The manufacture was not with any intent in view to sell it or to send it even outside their villages. It is doubtful even if the Khaddar industry as such existed before the last 30 or 40 years. Its practical extinction was even earlier than that, excepting in parts of the country like districts of Kathiawar, where foreign imports and mill-made goods had not penetrated to that extent as they have in British India. The reason for the practical extinction of the Khaddar industry was the change in the people's tastes, as also change in the village and country economics and the introduction of machinery.

Silk Industry: This industry flourished in places like Surat, Ahmedabad, where weavers used Indian silk yarn and

wove it into saris and dhotis. These were very costly textures and very heavy. People however began to ask for the delicate and fine textures, which began to come in both from the Western countries and Japan and women, who had been putting on for ceremonial occasions these saris which cost fairly big amounts and which lasted two or three generations, began to turn their patronage to saris costing much less and lasting also much less. Silk dhotis were put on generally for ceremonial occasions by males. There were also dhotis made of cotton but woven with rich silk borders. Both these sorts of dhotis are going out of fashion, as for ceremonial occasions even cotton dhotis have begun to be used. *Kin khabs* have shared the same fate. There were prints made in Jamnagar and other places in Kathiawar, as also in some places in Gujerat, which require a great artistic skill and slow laborious process. A good deal of this process was carried on by women at their homes and some of them made even their living out of it. All these prints have now given place to chints and other prints imported from foreign countries. This has been due both to change of tastes and economic reasons.

Doors, windows and even walls of houses were decorated by curtains, designed in various fast colours and inter-woven with glass or shells and other materials. Even women of the lower class used this sort of cloth for their saris or banians or petty coats for ceremonial occasions. All this has now changed, and instead of these curtains and instead of this cloth being used by women for themselves, we have now got curtains based upon Western models ; while the garments put on by women are poles asunder from this type of garment. On account of the revival of the folklore dancing and other indigenous dancing, as also from a revival of some of the old-time fashions, these old-time curtains are seen sometimes and the saris and petty coats made of the old-time cloth are also seen sometimes ; but even such appearances are very rare and dictated by Dame Fashion.

Bed-spreads : Bed-spreads and blankets made of wool or cotton formed an important cottage industry. Even this,

however, has practically gone, excepting in a few places, out of fashion.

Basket-making: It was an ordinary cottage industry to make baskets and small receptacles for storing grain, etc., for use at home. These were made from paper pulp, also made by women themselves. They lasted a fairly good time and were considered a presrevative against humidity and insect pests.

Toys: It was already referred to above as a cottage industry. These were made of wood, cloth or clay and consisted generally of dolls of various sizes and shapes, different animals, chariots, cars, etc. These lasted for years and were handed over sometimes by the grand-mother to the grand-children. Owing, however, to the change of tastes and economic competition of cheaper-made toys, as also the glamour and the glow of toys with spring and the dash and colour of their own, both the children and their parents have left off all those cottage-made toys and taken to toys made in Western factories or in Japanese homes.

Tile Industry: The tile industry may also be considered as a very big industry. It was also a cottage industry, and every potter turned a few thousands of tiles every year to suit the requirements and needs of his constituents. Besides tiles, he used to make water-pots and the superior potter used to make jars for preserving pickles etc. The old-time tile industry is fast disappearing while the water-pot still persists, because of its cheapness and because of the inability still of any foreign industry to compete with it in price, as also in its peculiar quality of keeping water cool. The credit is, therefore, due not so much to ourselves as the climatic conditions of the Western countries, where they do not require cool water and so have not been able to find out any such clay or other material for making pots for use in this country.

Umbrellas: There was an industry for making umbrellas from a very cheap and inferior sort of oil-cloth, white in colour and very tough in make. These umbrellas could be used for monsoon only and the price was surprisingly cheap, it being only 10 annas per umbrella. They were in large

demand and used by the lower classes. The industry needless to say has become extinct altogether.

Soaps and Washing: Big bars of soaps for washing purposes was an ordinary cottage industry. Some parts of Gujerat made a speciality of them and it was generally called Kapadvanj soaps. These soaps are still made in those parts and used also to a large extent; but evidently they cannot compete with the bar soaps and other soaps made locally in small factories.

Tapes and Nivars: There was also a cottage industry for making tapes and nivars for beds; but there is a change in the tastes and very few people now use nivar beds.

The village carpenters used to make handsome bedsteads and children's swings beautifully coloured and polished. In Sind the one thing of which the housewife and even the householder were extremely fond was a big swing made by the village carpenter. With the growth and development now of furniture works, where machine is used, and if not machine a large collective labour is used, it may be that the days of the old-time carpenters may be numbered, though they are still carrying on their old trade in the mofussil because they are the men on the spot, their wares are cheap and because tradition and convention also help in maintaining their calling.

Head: We have already replied, while discussing the items under Head 3.

APPENDIX

Analysis of industries which have been started, which have progressed, which have ceased to exist, and which are still working, is given below.

(Information as collected from the Report of the Director of Industries, Bombay, from 1918 to 1937).

Handloom Weaving Industry: Dhulia, Bhiwandi, Nasirabad, Sangamner, Kitui.

The local population are keen that the school should continue its activities and in such cases the active assistance of local bodies may reasonably be expected. The industry was encouraged by offering silver and gold medals to persons who showed efficiency in the work. On the whole the industry did well during all the 18 years.

Pottery : One mofussil enterprise on insufficient capital, applied for financial assistance which was refused. In 1922, owing to the provisions of funds being doubtful, plant required could not be ordered. Due to keen competition in 1924-25 it could not work and therefore had to be stopped.

Fisheries : The Report of 1918-19 says that there will be for many years to come a rich field for scientific and economic enquiry. The report for 1920-21 says that owing to the failure of Sardine season, practically no further experiments were carried out in the manufacture of fish oil and fish manure in the district of Ratnagiri. The report for 1921-22 says that for want of a Marine Biologist, the industry at Karachi was closed. The Director of Industries mentions " it is all the more pity that after ground had been explored the need for retrenchment should have rendered infructuous the efforts already made ". The report for 1928-29 says that " there was neither staff nor money for conducting fish oil experiments ". The plant was sold by public auction.

Glass Industry — Bombay : The difficulty is not the difficulty of making glass, but the difficulty of meeting foreign competition. (Report for 1918-19). The report for 1925-26 says " many factories rose up during the war but died after the end of the war because of dumping from foreign countries ". Report for 1930-31 says due to higher railway freight rates, the industry cannot prosper. The report for 1932-33 says that the factory for the manufacture of false pearls and glass beads which was started was closed down owing to Japanese competition and in all the successive reports it has been found that Japanese dumping was the main cause why the industry could not thrive.

Tanning: The industry, both in Bombay and Karachi, is still handicapped by uncertainty regarding its location. Supported and encouraged by many firms and industrialists.

Button-making: Stopped as a measure of retrenchment. The industry at Poona had been shifted to the United Provinces.

Gold and Silver Threads: The Advisory Committee recommended a loan, states the report for 1922-23, of Rs. 15,000 at 6¼% to Gowri Gold and Silver Works at Surat for the development of the industry. The industry was hit because of the fluctuation in the silver and gold prices, says the report for 1933-34. In view of the increasing demand for imitation gold and silver threads, the manufacture of this inferior variety should be attempted.

Brushes — Bombay: The factory was burnt down and a new one was erected and was manufacturing all kinds of excellent brushes. Freights hinder a great deal and it becomes expensive to send from one place to another.

Rubber Sole Canvas Shoes: The report for 1930-31 says the firm in Bombay Suburbs working under hardships due to dumping from Japan. The factory, however, produces from 300 to 400 pairs daily.

Envelopes: Bombay imports from foreign countries a great number of envelopes. The attention of small investors may well be drawn to start this industry.

The same may be said of shoe lace and slates and slate pencils.

Clock and Timepiece — Bombay: The industry suffers from cheap foreign competition.

Industries newly started and thrive fairly well: Oil cakes, Cigarettes, Carbon paper, Ribbon, Stamping pads, Toy motors, Biscuits, Shoe polish, Sewing thread, Artificial silk weaving, Gas mantles, Pocket torch lights, Ink, Tin boxes, Metal capsules, Wood screws and manufacture of cutlery, Dry cell batteries, Gramophone records, Absorbent cotton and Surgical instruments and celluloid toys.

APPENDIX 117

Bihar and U.P. Joint Power Alcohol Committee

Letter No. F.55 dated 10th January 1938 from the Federation of Indian Chambers of Commerce and Industry, to Chamber.

I am directed to enclose a copy of a circular letter addressed by the Secretary of the Bihar and the U.P. Joint Power Alcohol Committee appointed to devise ways and means of starting the manufacture of power alcohol out of molasses and to suggest that in case your Committee is interested in the enquiry they should submit their views on the several points raised in the accompanying letter direct to the Secretary at Cawnpore to reach him before January 20, 1938.

Copy of a letter No. 4538-52/14-18(a) dated 7th January, 1938, from the Secretary, Bihar and the U. P. Joint Power Alcohol Committee, Cawnpore, to the Federation.

"I have the honour to say that the Government of Bihar, in consultation with the Government of the United Provinces, have appointed a Committee to devise ways and means of starting the manufacture of power alcohol out of molasses, to report on the best method of manufacture and of mixing power alcohol with petrol and to explore the possible uses of molasses and their practical application. The date of the first meeting of the Committee has been provisionally fixed for **January 24, 1938,** in the office of the Director of Industries and Commerce, U.P., at Nawabganj, Cawnpore.

The Committee is anxious to have before it the opinion and view-point of the various industries and trade interested in the subject of the utilisation and disposal of molasses, specially through power and industrial alcohol. I have therefore been directed to invite your co-operation and help in the deliberations of the Committee, and to request you to forward to me before **January 20th, 1938,** your views, on the subject, particularly on the undermentioned points:—

(1) The commercial possibility of establishing and developing the power alcohol industry — as an adjunct to the Indian petrol industry — in the provinces of Bihar and U.P.

(2) The suggestion that the power and industrial alcohol industry should be established on some kind of co-operative principle — between cane-growers, sugar manufacturers and petrol distributors — under the supervision of Government.

(3) The reasons — for example, benefits to cane cultivator, sugar manufacturer, and the public — for recommending, if at all, the enforcement by legislation of a certain fixed proportion of power alcohol with all petrol imported into the two provinces prior to its retail distribution and sale, at a price fixed by Government for this motor fuel mixture.

(4) In case such legislation were adversely to affect the interests, monetary or otherwise, of the petrol companies, or the revenue of any Government, how would such consideration compare with the benfits, if any, that would be derived by the cane-grower and the public in these provinces ?

(5) The economic and practical aspect of the suggestion to utilise surplus molasses available in **Bihar and the U.P.** after meeting the demands of the power and industrial alcohol industry in one or more of the following ways:—

(*a*) As cattle-food ; (*b*) As road surfacing material ; and (*c*) As manure.

In case you desire to appear in person before the Committee to express your views in detail on any particular aspect of the subject. I shall be pleased to fix a date and time for recording your views, provided I am informed in time. I may further mention that the Government are anxious to expedite the report of the Committee, so that as far as possible, the sittings will continue from day to day till the deliberations are over ".

Letter No. 390 dated 3rd February 1938 from Chamber to the Secretary, Bihar and U. P. Joint Power Alcohol Committee, Cawnpore.

With reference to your letter dated the 7th January 1938, No. 4538-52|14-18 (a) addressed to the Federation of Indian Chambers of Commerce and Industry, I am directed to send hereby the views of the Committee of this Chamber.

My Committee have always been of opinion that by-products of different industries in this country should be utilised to their fullest extent. Unfortunately, their experience is that such by-products are allowed to be wasted or allowed to be exported to foreign countries for their benefit, with the result that this country loses several industries and the potential benefits from the said resources. Under the circumstances, my Committee definitely support the proposal that power alcohol industry should be established and developed in India. My Committee have not before them figures and calculations with regard to the technical results of the experiments and so cannot go further in this matter at this stage.

My Committee favour the suggestion that the power and industrial alcohol industry should be established on a co-operative basis of fair distribution of profits between cane-growers, sugar manufacturers and petrol distributors, under the supervision of Government.

In the opinion of my Committee, the interests of the cane-growers and the public should always count as permanent factors. At the same time, my Committee cannot help observing that the revenues of Government, if they are considerably affected, will also affect the masses of the provinces concerned and so Government should see that the legislation is so enacted that there is a harmonious synthesis between the interests of cane-growers and the public and at the same time the revenues of the province are not affected. With regard to petrol companies, their interests should be placed after all these other considerations.

Molasses, after its utilisation for manufacture of power and industrial alcohol should be utilised for cattle-food, manure, and manufacture of chemicals like acetic acid, and acetone, etc.

It is hoped that the Bihar and U.P. Joint Power Alcohol Committee will attach the greatest importance to the industrialisation of the country, which would make for reducing the appalling unemployment.

APPENDIX 118

Representation of Indian Tea Growers on the International Tea Committee.

Letter No. 1656 dated 2nd June 1938 from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.

The Indian Tea Planters' Association, Jalpaiguri, have forwarded to my Committee a copy of their letter dated 28th March, 1938, addressed to the Government of India on the question of the representation of the Indian tea growing interests on the International Tea Committee. They have also seen the communication dated 26th April 1938 addressed to the Government of India by the Federation of Indian Chambers of Commerce and Industry on the same subject.

The International Tea Committee is interested in the important work of implementing the International Tea Agreement, including the fixation of export quotas for the various interests. It is, therefore, only fair that the Indian Tea interests, which form an important section of the industry, should have adequate representation in the body so that their claims and points of view may be properly represented before that Committee. My Committee, therefore, request that Government will be pleased to consider the question of giving the Indian tea section direct representation on the Committee and to invite the Indian Association to nominate a member to serve on the Committee.

Letter No. 201(24)-Tr(I.E.R.)/37, dated 8th July 1938 from the Assistant Secretary to the Government of India, Simla, to Chamber.

I am directed to forward, for information, copy of a letter No. 201 (24)-Tr (I.E.R.)/37, dated the 8th July 1938, which the Government of India have addressed to the Indian Tea Planters' Association, Jalpaiguri and its enclosures, on the above subject.

Letter No. 201(24)-Tr(I.E.R.)/37 dated 8th July 1938 from the Joint Secretary, Indian Tea Planters' Association, Jalpaiguri.

I am directed to refer to your letter No. 102, dated the 28th March 1938, in which you have raised the following points for the consideration of the Government of India:—

(1) that neither your Association nor any other Indian tea growers Associations were consulted before members were nominated to represent India on the new International Tea Committee;

(2) that the representation enjoyed by the Indian tea growers organisations on the International Tea Committee during the original control scheme should be continued during the renewed scheme and that these bodies might recommend any suitable Indian for appointment on the Committee who could undertake necessary trips by air to the headquarters of the International Tea Committee in London.

2. In reply I am to say that the matter has been carefully considered by the Government of India in consultation with the Indian Tea Association. It appears that when members were being selected by the industry for first appointment on the International Tea Committee in 1933, your Association and the Terai Indian Tea Planters' Association requested the Indian Tea Association that one seat on the Committee should be allocated to represent Indian-owned interests in Northern India. This claim was conceded and Mr. L. T. Carmichael represented North India Indian Rupee interests having been nominated on behalf of those interests by your Association.

3. In connection with the constitution of the new International Tea Committee which, so far as the representation of India is concerned, is to have five nominees of the Government of India, four of whom should be appointed after consultation with tea industry in India, the Government of India asked the Indian Tea Association to recommend the names of these four members. The Government of India are informed that before submitting their recommendation the

Indian Tea Association addressed *inter alia* the following Associations of Indian tea planters, which according to the information of the Association are fully representative of the Indian tea interests in North India :—

(1) The Indian Tea Planters' Association, Jalpaiguri ;

(2) The Terai Indian Tea Planters' Association ;

(3) The Kangra Valley Tea Planters' Association ;

(4) The Tripura Planters' Association ;

(5) The Surma Valley United Planters' Association (which includes the Assam Bengal Planters' Association, the Surma Valley Indian Tea Planters' Association, the Indian Planters' Association of Sylhet and the Indian Tea Growers' Association of Silchar) ; and

(6) The Tripura Tea Association.

Your Association as well as the Kangra Valley Tea Planters' Association definitely agreed to the continued appointment of Mr. Carmichael on the International Tea Committee as a representative of the North India Indian Rupee interests. Attention in this connection is invited to the Indian Tea Association's circular letter No. 464-69|0, dated the 2nd February 1938, and your Association's reply thereto No. 41, dated the 8th February 1938 (copies enclosed for ready reference). As to the other Associations, no replies were received from them and they were therefore assumed by the Indian Tea Association to have no objection to their proposals. In the circumstances the Government of India feel that your Association is not justified in raising point (1) mentioned in paragraph 1 above.

4. With regard to the suggestion concerning the appointment of a member resident in India, the Government of India consider that in view of what is stated above, this question does not arise, but they would like to observe that as the detailed administration of the International tea control scheme requires frequent meetings of the International Tea Committee in London, the work involved could not readily be carried out in consultation with a member resident in

India, and that adequate participation of such a member in the duties of the Committee necessitating frequent visits to England at a heavy cost could not be justified if, as proposed by your Association, it is to be a charge on the funds of the Indian Tea Licensing Committee.

5. In the circumstances stated above, the Government of India regret that they cannot reopen the question of India's representation on the International Tea Committee, with a view to make fresh nominations.

V.—GENERAL

APPENDIX 119

Commerce and Industries Constituencies of the Bombay Legislative Assembly

Letter No. A.D.M.165 dated 20th January 1938 from the Collector of Bombay and Bombay Suburban District, Bombay.

I am directed to forward herewith the attached questionnaire and would request you to be so good as to send me your replies thereto at the earliest possible date.

QUESTIONNAIRE

(1) How have the provisions in Part III, paragraph 7 (2) (*b*), (*c*) and (*d*) of the Government of India (Provincial Legislative Assemblies) Order, 1936, worked in the constituency of which your Chamber is the constituent body ?

(2) Has the method of representation provided in paragraph 8 of Part III of the said Order been found satisfactory ?

(3) Has the provision in paragraph 9 of Part III of the said Order caused any serious inconvenience or hardship ?

(4) What is your opinion in regard to inclusion in the electoral roll of a Commerce and Industry constituency of the associate-members of the constituent body ?

(5) Have any difficulties been experienced in the interpretation of the provisions relating to the Commerce and Industry constituencies in the said Order ?

(6) Has any inconvenience been felt in conforming strictly to the requirements of the said provisions ?

Letter No. 521 dated 16th February 1938 from Chamber to the Collector of Bombay, Bombay.

I am directed by my Committee to acknowledge receipt of your letter No. A.D.M.165 dated the 20th January 1938

and in response to send to you hereby the information asked for in the questionnaire sent therewith.

Before, however, my Committee submit their replies to the questions seriatim, they would like to make some general observations. It would be pertinent here to draw the attention of the Government of Bombay to the correspondence which my Committee had in the year 1935 on the question of introducing certain financial and other qualifications for electors in the commerce and industry constituencies. This question was discussed for the first time when the Hammond Committee was investigating into the question of delimitation of constituencies in that year. The Hammond Committee had invited commercial opinion on such a proposal and I am sending to you herewith a copy of the views expressed by my Committee on the occasion. They had expressed themselves strongly against the innovation and recommended that the system of representation by Chambers of Commerce, with the membership of the Chamber as the sole and whole electoral qualification, was the best method of the functional representation for commerce contemplated under the Government of India Act. The experience of the working of such representation under the Montague-Chelmsford Reforms had, they pointed out, not indicated the necessity for making any change in the same. The various objections to the new method were then explained by them in detail and my Committee do not wish to cover the same ground again.

Unfortunately, the new system of having certain financial and other qualifications to electors of such commerce constituencies was introduced as a result of the recommendations of the Hammond Committee in the Order in Council, issued under the Government of India Act. The said Order had been in force for the last election and it is no satisfaction to my Committee to have to record that their experience of the practical difficulties involved in the working of the provisions of the Order have justified their earlier fears. Apart from the detailed difficulties experienced in the working, my Committee have at the outset to mention that the cumulative effect of all the provisions in the paragraphs

of the Order under discussion, has been an undue restriction of the voting rights in the constituency. Whereas the Indian Merchants' Chamber had on or about the date on which the roll for the first election under the Reformed Constitution was prepared, a total membership strength of 541, the finally published roll of the constituency contained only 276 names; thus 265 names or almost half the membership strength came to be omitted from the roll under one or the other restrictive paragraphs of the Order.

The effect of the new rules has thus been very regressive and my Committee believe that it was not the intention of His Majesty's Government or Parliament to narrow down the electorate in regard to commerce constituencies in such a manner. At a time when in all the other constituencies there has been an attempt for a progressive widening of the franchise, it is inconceivable that extremely regressive provisions should have been recommended so far as the commerce constituencies are concerned. With these preliminary observations, my Committee will now proceed to give their replies to the questions set in the questionnaire enclosed with your letter.

1. **How have the provisions in Part III, Paragraph 7 (2) (b), (c) and (d) of the Government of India (Provincial Legislative Assemblies) Order, 1936 worked in the constituency of which your Chamber is the constituency body?**

Paragraph 7 (2) (*b*), (*c*) and (*d*) of Part III of the Order prescribes the additional qualifications a member of a constituent body should possess for being deemed to be qualified as a voter in the constituency. Sub-para (*b*) provides that a member to be qualified to be entered on the roll should be engaged in commerce or industry and should have a place of business in the province. The words "Commerce or Industry" have not been exhaustively defined. The very cryptic definition in paragraph 11 of the Order that commerce includes banking, insurance and transport cannot be considered to be of sufficient guidance. In certain specific places cultivation of cotton and planting have been included

within the meaning of the term "Commerce or industry". The International Labour Conference even considers agriculture as an industry. An exhaustive definition, perhaps, is impossible. The definition and reference to commerce or industry in the Order should, therefore, have been construed as illustrative and interpreted in a comprehensive spirit. The question arises particularly in regard to certain members engaged in professions which are closely allied to commerce and industry. Practising Accountants and Auditors and Solicitors are actively connected with trade, commerce and industry and with commercial organisations and Chambers of Commerce forming commerce constituencies. There have been many instances of members of the profession having been presidents of the important Chambers of Commerce like the Manchester Chamber of Commerce, the London Chamber of Commerce, the Bombay Chamber of Commerce and the Indian Merchants' Chamber. The Government of India, however, ruled that Accountants and auditors cannot be held to be persons engaged in commerce or industry within the meaning of paragraph 7 (2) (*b*) of the Order". Such an exclusion of Accountants and Auditors as also solicitors is, in the opinion of my Committee, extremely unfair.

(*c*) The sub-para (*c*) of the Order prescribes that for a member other than a corporation payment of income-tax on an income not less than Rs. 10,000 derived from commerce or industry is necessary. Apart from the objection in principle to the fundamental idea of imposing such a financial qualification, my Committee wish to point out to Government certain practical difficulties experienced in regard to the observance of the same. The difficulties referred to earlier as caused by the absence of an exhaustive definition for the term "commerce or industry" are also reflected in assessing "income derived" from "commerce or industry". Under the present practice, neither the demands served upon an assessee by the Income-tax department nor the receipt granted to him disclose the head or categories of income; in any case in the income-tax records there does not appear to be separate assessment of income as "derived from commerce or industry". Even if there was, the same difficulty as to

what was meant by commerce or industry would present itself to the department and the decision of the Income-tax Officers in some cases was bound to be arbitrary. To illustrate their point, my Committee would like to refer to a specific class of income. There are certain members of the Chamber who are salaried officers as managers, directors etc., in big commercial offices. In the Income-tax records their income is classified as derived from salaries and on this basis some of the members of the constituency were deemed as not having the necessary income-tax qualification **derived from commerce and industry** and their names were omitted from the preliminary roll. Thus persons who were devoting their full time and energy for the development of commerce and industry, were by an executive interpretation deemed to have not been engaged in commerce or industry. Subsequently, however, my Committee pointed out to the department the absurdity of the position and they were ultimately treated as engaged in commerce or industry and entered in the roll. Even the income derived by Managing Agents is referred to as 'salaries' and several reputable firms are omitted from the electoral roll on this ground. The point which emerges from the above instances is that the income-tax record of the payment of income-tax under a particular head is no criterion for deciding whether the assessee in question has income derived from commerce or industry. Again the firm name of a member in the membership register of the Chamber may not be the same as the name in which the income-tax may have been paid. In such a case, the income-tax department would have simply checked whether income-tax had been paid in the membership name and if there was no payment in that name, they would mark down such a name for elimination. The difficulty is not an imaginary one. As a matter of fact, it did occur in more than one case so far as this constituency was concerned and in one case the member concerned had to appear before the Chief Justice of the Small Causes Court to get his name entered in the roll. Thus Messrs. Abdoolabhoy Lalljee & Co., the partners whereof had an income from commerce or industry over the stipulated amount, but which income was being assessed in the income-

tax records in the name of another company of common partnership, was, in the first instance, deemed to be as not qualified, but was finally ruled to be as qualified by an order of the Chief Justice of the Small Causes Court. Here the voter in question asserted his right and pursued the matter to its logical conclusion. There may have been other cases of similar hardship where voters, in order to save themselves the trouble and inconvenience of instituting the necessary proceedings before the Chief Judge, accepted with equanimity their removal from the roll on the decision of the Income-tax department that they had not the necessary income-tax qualification "derived from commerce or industry".

My Committee would conclude their reply to this part of the questionnaire with an emphatic expression of opinion that the said provisions have not worked satisfactorily, have proved to be cumbrous, have unnecessarily restricted the voting rights in the constituency and in some cases by the method adopted in verifying the qualifications prescribed have deprived members, even while possessing the necessary qualifications, their right to be on the roll.

(*d*) This sub-para provides that a corporation to be eligible on the roll should have a paid up capital of not less than one lakh of rupees. My Committee wish only to point out that the amount of the capital of a company cannot be considered to be an index from which to judge its standing or status as a business institution. The Cement Marketing Co., of India, Ltd., had trading interests amounting to crores of rupees. Being a marketing organisation, however, it had no need for a large independent capital and therefore, the capital was a nominal one under one lakh of rupees. As such, the company was debarred from being on the roll of the constituency although it had very extensive commercial transactions and interests. Again, there may be companies limited by guarantee or Insurance companies which do not require a large capital and the prescription of an amount of paid up capital at a particular figure will in such extreme cases, result in the removal of such names from the roll

although they may be representing or may be engaged in important branches of commerce or industry.

2. Has the method of representation provided in paragraph 8 of Part III of the said Order been found satisfactory ?

My Committee have approved of this and found it satisfactory.

3. Has the provision in paragraph 9 of Part III of the said Order caused any serious inconvenience or hardship ?

My Committee would like to suggest that this restriction may be altogether removed and there should be no bar to a person being or being entitled to nominate persons in more than one commerce constituency. The object of functional representation is to secure the proper kind of representative and in many cases such representatives are interested in more than one commercial activity and in consequence, are members of more than one constituency. The restriction contemplated makes the service of the member in question available for the purpose of representation only in one commerce constituency. There are firms and individuals who are members of more than one commercial organisation. These commercial organisations represent certain varied interests, in some cases technical. Thus, for instance, a firm may be a member of the East India Cotton Association as its trade interests are cotton, but there is no reason why it should not again be a member of the Indian Merchants' Chamber as it has other trade interests also, as also of the Millowners Association, as it may have a mill. To rule that each individual or firm should decide for purposes of election on which electoral roll he or it would like to be is to needlessly interfere with the electoral rolls of commerce constituencies and reduce their numbers seriously.

4. What is your opinion in regard to inclusion in the electoral roll of a Commerce and Industry Constituency of the associate-members of the constituent body ?

Many of the Chambers and Associations forming Commerce and Industry constituencies have some trade associations affiliated as members. The Indian Merchants' Chamber, for instance, has 29 such Association members. Such Associations, through their representatives duly appointed, exercise all the privileges and obligations of the membership in common with the rest of the members. Order 7 (1) of the Provincial Legislative Assembly's Order lays down that in a Commerce and Industry Constituency, a person shall be entitled to be included in the electoral roll (*a*) if he is himself a qualified member, (*b*) if he is the nominee of a qualified member firm, (*c*) if he is the nominee of a qualified member Hindu Joint Family ; or (*d*) if he is a nominee of a member corporation. A commercial association which is a member does not come under any of the above categories.

However, Section 39 of the General Clauses Act, 1897, lays down the following definition of a person :—

"'Person' shall include any company or Association or body of individuals whether incorporated or not" and Section 29 of the Interpretation Act, 1889, (English) defines a person as under:—

"'Person' shall unless the contrary intention appears include any body of persons corporate or unincorporate". From the above definitions, the generic term 'person' may be said to cover association of persons also, although doubts have been felt that having regard to the definition "that 'person' does not include a body of persons" prescribed in para 13 of Part I of the VI schedule of the Government of India Act whether in regard to the provisions as to franchise the term 'person' may, for the purpose of the Legislative Assembly's Order, be interpreted to include body of persons.

Even if the term includes body of persons, certain considerations prevent Associations being included as electors in commerce constituencies. Under Order 7 (2) for all classes of members specified in Order 7 (1) excepting in the case of Corporation, payment of income-tax on a business income of Rs. 10,000 in any one of the previous five years is prescribed as a qualification. Commercial Associations, by

the very nature of their organisations, are associations not for profit and are, therefore, generally not liable to income-tax. Such a qualification based on payment of income-tax cannot be fulfilled by them. The omission of a separate provision for meeting the case of commercial associations in Order 7 (1) or of their expressed exclusion from the income-tax qualification in Order 7 (2) seems to be an oversight.

It may here be pointed out that the Hammond Committee in Para 432, page 158 of their report, recognised the importance of affiliated associations being represented and the said Committee's scheme of representation for commerce through selected Chambers or Associations envisaged the representation of "relatively less important associations by affiliation to such selected Chambers or Associations". The omission, therefore, to make specific provision in Order 7 for the particular requirements of affiliated associations has deprived such associations of even such indirect representation. It is, therefore, very necessary to remove this lacuna in the Legislative Assembly's Order and make specific provisions for the representation of association members.

5. Have any difficulties been experienced in the interpretation of the provisions relating to the Commerce and Industry constituencies in the said Order ?

In an earlier paragraph a reference was made to the difficulties in regard to the interpretation of the term commerce or industry, of the provision "income derived from commerce or industry" and of the definition of person. As the said difficulties have been fully explained elsewhere, the points need not be stressed further here.

6. Has any inconvenience been felt in conforming strictly to the requirements of the said provisions ?

Serious difficulty has been experienced in verifying the qualification prescribed under Order 7 (2). Under Rule 28 (2) of the Bombay Provincial Legislative Assembly Electoral Rules, the Indian Merchants' Chamber is required to prepare and submit "a list of its members qualified to be electors for the constituency". For this purpose, it is necessary

that the Chamber should have information whether the members concerned have the prescribed income-tax qualification. It was expected that the above information would be supplied by the income-tax department, on enquiry direct to the Chamber. The Income-tax department, however, did not supply the said information direct to the Chamber, possibly on the ground that such an action would be in violation of official secrecy enjoined under Section 54 of the Indian Income-tax Act. It may, however, be pointed out that para 25 of the Provincial Legislative Assembly's Order has adequately provided for this. This Order says :

> "Notwithstanding anything in the Indian Income-tax Act, 1922, it shall be the duty of the appropriate income-tax officers to give to any person charged by law with the duty of inquiring into the qualifications of electors such information as is necessary for the purpose of enabling him to discharge that duty".

And as the Indian Merchants' Chamber is charged with the duty of preparing and submitting such a list of its members qualified to be electors for the constituency, for the discharge of that duty enquiry by the Chamber into the qualifications of such voters is necessary and in terms of para 25 the Chamber is supposed to be furnished with the information by the Income-tax department. The result has been that, as the Chamber was not allowed to scrutinise income-tax qualifications, the same was done obviously by the income-tax department itself.

In an earlier paragraph a reference was made to an instance in which the income-tax was paid in a name other than the one in which the membership stood in the Chamber's roll. Further instances of such cases could have been gone into more fully if the Chamber had the opportunity of sifting the income-tax qualification of all the members. It is, therefore, necessary that, in future, arrangements should be made to furnish to the Chamber direct information about the income-tax qualification of parties concerned.

In conclusion, my Committee would repeat their opinion that the scheme of things provided for in para 7 particularly

has not worked satisfactorily and that it is necessary to abrogate provisions therein and to revert to the old order whereby membership of the constituent body should be the only electoral qualification in a commerce constituency. In any case, my Committee suggest that even if the scheme under discussion is to continue, the difficulties pointed out above should be remedied by an amendment of the Order at an early date.

It should also be seen that so far as the Federal Assembly Order, to be framed, is concerned, provisions which would involve such difficulties are not repeated.

APPENDIX 120

Riot Tax and Exemptions

(*Refer previous correspondence on p. 551 of Annual Report for the Year* 1931).

Letter No. 9161/3-D dated 13th October 1938 from Secretary to the Government of Bombay, Home Department, Bombay, to Chamber.

I am directed to refer to the correspondence ending with your letter No. 2415, dated the 30th August 1937, and to state that Government have this day issued instructions to the Chief Presidency Magistrate, Bombay, that in all cases in future relating to the award of compensation under Section 45 of the City of Bombay Police Act, 1902, no exemption should be granted to any persons from liability to pay the compensation and that the additional tax should be imposed and levied in all the Municipal Wards of the City.

APPENDIX 121

Development of Lord Reay Industrial Museum.

Letter No. 3363 dated 3rd December 1938 from Chamber to the Secretary to the Government of Bombay, General Department, Bombay.

The authorities of the Lord Reay Industrial Museum, Poona, have forwarded to my Committee a copy of their

letter No. 553|800, dated 12th August 1938, addressed to the Government of Bombay in reply to Government letter No. 352|33-H, of the 5th July. In this connection, I am to invite a reference to this Office No. 1335, dated 29th April, addressed to the Honourable the Prime Minister, Government of Bombay, supporting the application made by the Museum Authorities for certain financial assistance for the purpose of developing the Museum. A copy of the said letter is enclosed herewith for ready reference.

The further suggestions made by the Museum authorities in regard to the resolutions passed at the Conference of Museums in India deserve the sympathetic consideration of Government; particularly the suggestion for necessary legislation to provide for certain statutory grants to museums from some of the Municipalities and Local Bodies, is a matter which can be implemented only by Government action.

As was pointed out in their last letter the work of the Lord Reay Industrial Museum has been spoken of well by all those who had occasion to come in contact with it. My Committee therefore once again commend the suggestions put forward by the Museum authorities for the sympathetic consideration of Government.

APPENDIX 122

Introduction of the System of Badges for all Licensed Dalals and Clearing Agents Working at the Customs House.

Letter No. 2934 dated 21st October 1938 from Chamber to the Collector of Customs, Bombay.

The Bombay Customs Dalals' Association have forwarded to my Committee copies of their letter dated 22nd September, 1938, and your letter of the 25th August, re: the introduction of the system of badges to clearing agents and Dalals and their clerks. My Committee note that you are in favour of the proposal and that you expect the introduction of the same after April 1939. In this connection, my Committee beg to support the suggestion made by the Association that similar

badges may be provided for clerks of mercantile firms also who get their clearing and forwarding work done privately. Such a step will stop altogether unauthorised persons getting access to the Customs premises and facilitate the work of clearing and forwarding. You will therefore kindly consider this suggestion favourably.

APPENDIX 123

Introduction of Elective Principle into Appointments to the Indian Accountancy Board.

Letter No. 9-A(3)/37 dated 2nd June 1938 from the Deputy Secretary to the Government of India, Commerce Department, Simla, to Chamber.

I am directed to invite your attention to section 144 (2A) (e) of the Indian Companies Act, 1913 (VII of 1913) and to the rules contained in Part III of the Auditors' Certificates Rules, 1932, and to address you on the question of the introduction of the elective principle into appointments to the Indian Accountancy Board.

2. The ultimate object of the Government of India in appointing the Indian Accountancy Board was to set up an organisation which in course of time would develop into an autonomous association of accountants able to assume complete responsibility for the qualification and conduct of its members. When the amendment of the Indian Companies Act, which brought into being the Indian Accountancy Board, was considered in the Select Committee of the Legislative Assembly, the opinion was recorded that the first members of the Board should be nominated by the Governor-General-in-Council for a fixed period but that on reconstitution, the Board should contain a progressively increasing elected element. The first Board, accordingly, consisted entirely of nominated members. At the time of appointment of non-official members for the second term of the Board, the Government of India carefully considered the question

of introducing the elective principle in constituting the Board, but came to the conclusion that the stage had not arrived which would justify the introduction of that principle. The Board, during its second term also, therefore, consisted of purely nominated members. The second term was due to expire on the 1st April 1938, and in connection with the selection of members for the third term, the question again came up for consideration. The Provincial Governments who were consulted in the matter were all agreed that the time was ripe for such a step. The matter was also placed before the Board itself at its meeting held in December 1937 and was discussed at length. A resolution was ultimately adopted recommending that the second term of the Board should be extended by one year and that meanwhile a draft scheme for the introduction of the elective principle into appointments to the Board should be circulated for eliciting public opinion. The Board's recommendations have been accepted by the Central Government, who have therefore drawn up a tentative scheme, whose main features are explained in the enclosed memorandum. The scheme has been drawn up in order to facilitate discussion but I am to add that the Central Government are not committed in any way regarding the manner of nomination except that they wish to nominate one member to represent business interests in each of the four territorial constituencies. It is requested that any observations which your Chamber may wish to offer on this scheme may be communicated by the 15th September 1938, at the latest.

Scheme for the introduction of elective principle into appointments to the Indian Accountancy Board.

Rule 49 of the Auditor's Certificates Rules lays down that the Indian Accountancy Board shall consist of not less than fifteen and not more than twenty members appointed by the Central Government. Two members shall be persons in the service of Government and of the remainder not less than two-thirds shall be professional accountants. The

twenty seats on the Board are proposed primarily to be distributed as follows :—

Persons in the service of Government	2
Representatives of business	4
Professional Accountants	12
To redress any inequalities	2
	20

Persons in the service of Government and representatives of business will be nominated by the Central Government. The professional accountants will be all elected.

2. For the purpose of election, India will be divided into the following four territorial constituencies :—

(1) Bengal (including Assam and Orissa).

(2) Bombay (including Rajputana and Ajmer-Merwara).

(3) Madras (including Cochin, Mysore and Hyderabad States).

(4) Other Areas (i.e., United Provinces, Punjab, Central Provinces and Berar, Bihar, North West Frontier Province, Sind and Delhi).

The allotment of seats to the various constituencies will be as indicated in the statement appended to this Memorandum. The number of seats allotted to a constituency is based roughly on the number of Registered Accountants in that constituency.

3. Only Approved Accountants will be eligible for election to the Board.

4. Each Registered Accountant will have one vote, and if he has offices in more than one province, he will be allowed to vote only in the province in which he is registered with the Central Government.

5. There will be no separate electorate for any class of Accountants.

Letter No. 2339 dated 12th August 1938 from Chamber to the Secretary to the Government of India, Commerce Department, Simla.

I am directed to acknowledge receipt of your letter of 2nd June 1938 No. 9-A (3)|37, enclosing a scheme for the introduction of elective principle in the appointments to the Indian Accountancy Board. My Committee have carefully considered the whole scheme and are deeply disappointed that the scheme for which the Accountants and Auditors as a class and the commercial community have waited so long is one which merits condemnation from all points of view. The Scheme though it is said to be one intended to introduce elective principle, introduces this in a very very halting and half-hearted manner and then too more for the benefit of non-Indian Accountants and Auditors than Indians. Government have given an extremely undue importance to the class of so-called Approved Accountants, who as a class, were not provided for by the Companies' Amendment Act 1930, but were provided for by the Rules and Regulations which were afterwards drafted under that Act. It appears that there are at present 67 British qualified practising public Accountants who would come under the class of Approved Accountants as against only 58 Indian qualified Accountants similarly privileged for the whole of India. This means that out of 649 registered Accountants only 125 are to be allowed the privilege of standing for election to the Board. This limitation is extremely invidious, unfair and unjust and will result in the monopoly for election being given to non-Indian Accountants—a state of things which, to say the least of it, is intolerable.

Not only this but 2 seats are specially reserved for Europeans, one from Bengal and one from Bombay. My Committee have been protesting very strongly against reservations of seats for any particular community and emphatically protest against the reservation of seats for European Accountants and Auditors. Out of the remaining 10 seats again non-Indians will have apparently the fullest freedom and latitude

to stand as candidates for election and to capture as many seats as possible. My Committee under the circumstances beg strongly to protest against this part of the scheme and hope that this will be withdrawn altogether.

With regard to business, it is proposed that there will be 4 representatives for business but that at the same time they will all be nominated by the Central Government. This again is a breach of one of the fundamental rules observed since long. Generally with regard to such representations, important Indian Chambers of Commerce have been called upon to elect representatives to such bodies. If the Board is an all India body and if Government are not able to find out which Indian Chambers were to be called upon to elect their representatives to the Board, surely the Federation of Indian Chambers of Commerce should have been called upon to elect these 4 representatives as in the case of representation on the Light House Advisory Committee, Imperial Council of Agricultural Research etc. My Committee beg therefore to protest against this proposal to nominate business men for the purposes of representations on the Accountancy Board.

Looking to all the aspects of the scheme, in short, my Committee are entirely opposed to it and are of opinion that Government have not carried out the promises and undertaking which underlay all the discussions up to now. At the time of the formation and organisation of the Accountancy Board, hopes and expectations were entertained about this body that it would inaugurate a new era for the Accountancy profession in the country and place it on a totally independent foundation similar to the accountancy profession, say for instance, in England and in other countries. The proposed scheme of the Government knocks the bottom out of this altogether. My Committee hope that the whole scheme will be dropped and will be substituted by a new one providing for elective principle on right lines.

APPENDIX 124

Amendments Proposed to Rule 39 of the Auditor's Certificates Rules.

Letter No. 4-A(1)/37 dated 24th September 1938 from the Secretary to the Government of India, Department of Commerce, Simla, to Chamber.

The following draft of a further amendment to the Auditor's Certificates Rules, 1932, which it is proposed to make in exercise of the powers conferred by sub-section (2) of Section 144 of the Indian Companies' Act, 1913 (VII of 1913), is published, as required by the said sub-section, for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the 24th October 1938.

Any objection or suggestion which may be received from any person with respect to the draft before the aforesaid date will be considered by the Central Government.

DRAFT AMENDMENT

For rule 39 of the said Rules, the following rule shall be substituted, namely:—

"39. The Central Government may remove from the list of Approved Accountants the name of any person —

(*a*) whose name has been removed from the Register of Accountants, or

(*b*) who has ceased to practise as a Registered Accountant in India, or

(*c*) **who has ceased to be a partner in the firm of Registered Accountants in which he was a partner at the time when his name was included in the list of Approved Accountants, or**

(*d*) **whose name was wrongly or inadvertently included in the list, or**

(*e*) who in its opinion is no longer a fit and proper person to employ articled clerks, **or is no longer in a position to train articled clerks, or**

(*f*) **who has expressed a desire to that effect,** and such removal shall be notified in the Gazette of India.

Provided that before removing the name of any person under clause (*b*), (*c*), (*d*) or (*e*), the Central Government shall call upon the person concerned to show cause why his name should not be removed".

Letter No. 2907 dated 19th October 1938 from Chamber to the Secretary to the Government of India, Commerce Department, New Delhi.

My Committee have gone through the draft amendments proposed to the Auditor's Certificates Rules, as notified in Commerce Department Notification No. 4-A (1)|37 dated 24th September, 1938. They are unable to agree to the amendments proposed to Rule 39 (*e*). It is provided that if the Central Government is of opinion that an Approved Accountant "is no longer in a position to train articled clerks", his name may be removed from the approved list. If by the amendment it is intended to give power to Government to review the list of Approved Accountants periodically by asking for details of practice, etc., such a procedure is highly objectionable. Even as it is, the distinction between the Registered and Approved Accountants and the manner and method of dealing with the applications for being put on the approved list have caused considerable dissatisfaction and evoked protest from professional people. The proposed right of removing persons from this list on the ground that they are no longer in a position to train articled clerks is bound to cause further dissatisfaction. My Committee therefore are of opinion that the change proposed to Rule 39 (*e*) should not be brought into effect.

APPENDIX 125

Emigration Laws in Kenya.

Letter No. 1202 dated 20th April 1938 from Chamber to the Secretary to the Government of India, Department of Education, Health and Lands, Simla.

The Committee of this Chamber are informed by the Social Service League, Mombasa, that the Immigration Laws in force in Kenya Colony requires every new comer Indian entering that country to deposit a sum of Sh. 200 before he is given permission by the Immigration authorities to land in Mombasa. It is said that the Kenya Government take this deposit to send such immigrant to Kenya back to India in case he is found undesirable and a burden to that Colony.

My Committee are also informed that the Emigration Authorities in India ask some of the Indians emigrating to Kenya to deposit a sum of Rs. 100 under the Government of India Emigration Act. Thus an Indian emigrant has to pay not only a sum of Rs. 100 to the Government of India here, but is called to pay a sum of Sh. 200 in Kenya before landing. This double burden is not possible to be borne by several emigrants and it becomes almost impossible for several lower middle class and poor clasess of Indians to go out to Kenya at all.

I am, therefore, directed by my Committee to request the Government of India to be pleased to take steps to avoid this double payment of deposits by Indian emigrants to that colony.

Letter No. F.100-21 /38-L.& O. dated 3rd August 1938 from the Deputy Secretary to the Government of India, Department of Education, Health and Lands, Simla, to Chamber.

With reference to your letter No. 1202, dated the 20th April, 1938, I am directed to say that the Chamber appear to be under some misapprehension. The deposit of Sh. 200 required by the Kenya Immigration authorities applies only to persons who appear *prima facie* to be prohibited immigrants. It is as a matter of grace that permission is given to

land in these cases. It applies usually to immigrants who cannot offer proof of employment or the ability to support themselves and if such proof is forthcoming within six months of the date of landing the deposit is refunded. Similar provisions are to be found in a great number of countries and the Government of India do not think they are open to serious objection. In the case of Europeans the deposit required is Sh. 750.

2. The Emigration authorities in India require a deposit only from employers or agents assisting persons to emigrate for skilled work. The Bombay Government have issued orders that no part of the cost of recruitment may be recovered from the emigrant himself by the employer or the agent and if the Chamber are aware of any such cases the Government of India would be glad if they would report them as early as possible to the Protector of Emigrants, Bombay. The deposit is intended to act as a guarantee that the prospective employer will fulfil his contract with the emigrant and can be used in order to repatriate the emigrant if in fact his employer discharges him before the termination of the contract or fails to observe the conditions of the contract in any way. It is not refunded until the emigrant's agreement has expired or until he returns to India and has been interrogated whether he has any complaints.

3. It will thus be seen that no emigrant is called upon to make a double deposit and that no cause for any action by the Government of India arises.

APPENDIX 126

Right of Domicile for Indians in Fiji Islands

Letter No. 1221 dated 20th April 1938 from Chamber to the Secretary to the Government of India, Department of Education, Health and Lands, Simla.

The attention of the Committee of this Chamber has been drawn to the accompanying papers which have been sent to them by the President of the Indian Domicile Committee,

Fiji Islands. I am asked to send them to you for favourable consideration by the Government of India. The papers disclose a state of things which is not desirable. The principal grievance appears to be that lately certain restrictions were placed on the right of domicile for Indians in that colony and that the issue of Fiji passports to Indians was restricted under certain terms and conditions. These restrictions are an encroachment on the rights of Indians in that Colony. Under the circumstances, my Committee beg to appeal to the Government of India to be pleased to appoint a Commission of Enquiry to be sent to Fiji to investigate into the Indian grievances and any discriminatory treatment meted out to Indian nationals in that country. This question of the treatment of Indians in Fiji has long been before the country and, my Committee are sure, has received consideration from the Government of India.

APPENDIX 127

Legal Costs and Limit for Engagement of two Counsels

(Refer previous correspondence on p. 566 of the Annual Report for the Year 1937).

Letter No. 345 dated 29th March 1938 from Prothonotary and Senior Master, H.M.'s High Court, Bombay, to Chamber.

With reference to your letter No. 3031 dated the 8th November 1937, suggesting that, with a view to reduce the costs of litigation on the Original Side, the limit of Rs. 10,001 for the engagement of two Counsel in a Long Cause allowed in sub-rule 548 (*ii*) (*h*) at page 125 of the Rules and Forms of the Bombay High Court, Original Side, 1936, may be raised to Rs. 25,001, I am directed by the Honourable the Chief Justice and Judges to state that this limit was raised from Rs. 5,001 to Rs. 10,001 some 5 years ago, viz., on 8th September 1932 and in Their Lordships' view nothing has happened since that date to necessitate a further increase in this limit. As pointed out in my letter No. 137 dated the 7th February 1931 the rule as to the engagement of two

Counsel is one made by the Bar Association and Their Lordships could only deal with the matter indirectly by Taxation rules.

Their Lordships think that your Committee have been under some misapprehension in suggesting this increase. In this connection I am to point out that the percentage of suits involving claims of the value of over Rs. 10,000 is about 6 per cent and even in all these suits two Counsel may not be engaged as Consent Decrees may be passed in some of these suits or some may be settled out of Court. Their Lordships are therefore of the opinion that to raise the present limit of Rs. 10,001 to Rs. 25,001 would be tantamount to doing away with the briefing of two Counsel altogether. The briefing of two Counsel secures to a litigant the advice of a Senior Counsel and in many cases the actual conduct of the suit by Senior Counsel. Their Lordships have noticed that the members of the Bar on many occasions use their discretion, and when the two Counsel have been present at the outset, one of them, instead of earning a Refresher, does absent himself if the case progresses in such a manner as would render his presence superfluous.

On the other hand if only one Counsel is briefed, he would require probably a higher fee, as he has not the collaboration of another Counsel in the preparation of the case and as he has to keep himself entirely free to attend when the suit is called on. Even if there is a slight reduction in costs, Their Lordships consider that the reduction will not be such as to compensate for the loss to the litigant of the advantage secured by briefing two Counsel.

For the reasons stated above, Their Lordships do not consider it desirable to take any action in the matter.

Letter No. 1417 dated 9th May 1938 from Chamber to the Prothonotary and Senior Master, Bombay High Court, Bombay.

I am directed to acknowledge receipt of your letter of the 29th March 1938, No. 345.

My Committee regret to note that Their Lordships do not consider it desirable to take any action in the direction

indicated by my Committee. If, however, that is the decision of Their Lordships, my Committee do not at present want to press them again to reconsider their decision.

My Committee, however, beg to submit that the object which they have in view can also be attained if it is provided that Counsel practising in the High Court are required to confine themselves to particular courts. My Committee are assured that if such a procedure is introduced in the High Court, it will be greatly convenient to the litigant public and may mean also a reduction in the cost of litigation. If the right of introducing such a restriction does not however finally rest with Their Lordships, my Committee hope they will use their good offices with the Bar Association with a view to bringing about such a reform.

Letter No. 882 dated 12th August 1938 from Prothonotary and Senior Master, H.M.'s High Court, Bombay, to Chamber.

With reference to the correspondence ending with your letter No. 1417 dated the 9th May 1938 on the subject noted above, I am directed by the Honourable the Chief Justice and Judges to state that Their Lordships are of the opinion that the suggestion of your Chamber that Counsel should be required to confine themselves to particular Courts would not only involve a restriction on the right of Counsel to practise in any Court, but it would involve a restriction on the liberty of a litigant to obtain the services of a Counsel of his own choice. The matter is one for the Bar Association and not for Their Lordships and there is nothing in the present rules of the Association to prevent any Counsel for confining himself to a particular Court if he so chooses. This procedure was in fact attempted by some Counsel in the past, but the fact that no Counsel today confines himself to only one Court shows that there is no genuine demand from the litigating public for the services of such Counsel.

Their Lordships feel that your Chamber are under some misapprehension in assuming that the suggested practice will either lead to the convenience of the litigant or to a reduction in costs. The right of a litigant to choose his Counsel will be

denied if the restriction suggested is imposed and if a Counsel has to confine himself to one Court competition is reduced and he will demand higher fees than he is willing to accept at present. Besides if two or more Counsel are briefed in a suit they will all earn their refreshers as they will be confining thmselves to a particular Court.

For the reasons given above Their Lordships regret that they are unable to accede to your Chamber's request.

APPENDIX 128

Bombay Legal Practitioners Bill

Letter dated 27th January 1938 from the Hon. Secretary, Bombay Incorporated Law Society, Bombay, to Chamber.

I beg to inform you that a Bill has been drafted under the auspices of the Law Society to restrain unqualified persons from acting as qualified lawyers in matters in which knowledge of law and legal principles is essential.

Under instructions of my Committee, I enclose a copy of the draft Bill and beg to invite the opinion of the Indian Merchants' Chamber thereon.

I am to add that on hearing from you, a member of my Committee will be deputed to attend and explain the provisions of the Bill, to your Committee.

Short Note on the Legal Practitioners Bill

This Bill has been drafted in pursuance of a Resolution passed by the Joint Sub-Committee of the Bombay Bar Council and the Bombay Incorporated Law Society on the 10th July 1936.

The definition of "Advocate" has been adopted from the Indian Bar Council's Act XXXVIII of 1926. Similarly the definition of "Pleader" has been adopted from the Bombay Pleaders' Act XVII of 1920 and that of a Notary Public from the Negotiable Instruments Act XXVI of 1881. The definition of Instrument has been taken from Ordinance

No. 19 of 1906 of South Africa from which also Sections 4 and 5 have been taken with slight modifications. Sections 47 and 48 of the Solicitors' Act 1922 contain similar provisions, but the South African Ordinance seems to suit our purpose better.

Sections 6, 7, 8, 9, 10 and 11 are reproductions of Sections 43, 45, 46, 49, 51 and 52 of the Solicitors' Act with such modifications as it was thought would suit our requirements.

A Section conferring on the Bombay Bar Council and the Bombay Incorporated Law Society, power to make rules subject to the sanction of the High Court has not been added, but one may usefully be added if so desired.

In this connection, it is interesting to recall that an attempt had been made in the past by the Law Society to draft a Bill called the "Unauthorised Practitioners' Bill" the preamble of which ran as follows :—

"WHEREAS it is inexpedient, having regard to the interests of the community, that unauthorised and unskilled persons should be employed in the conduct of suits and other legal proceedings and in drawing and preparing legal documents."

Letter No. 646 dated 25th February 1938 from Chamber to the Hon. Secretary, Bombay Incorporated Law Society, Bombay.

With reference to your letter of the 27th January 1938 forwarding for opinion a copy of a Bill drafted by your Society, with a view to restrain unqualified persons from acting as qualified lawyers, I am directed by my Committee to inform you that they generally approve of the same. They would, however, like that, in the first instance, the application of such a measure should be restricted to the City of Bombay alone and any extension thereof should be made only with the subsequent approval of the legislature. Subject to the incorporation of a proviso to this effect, my Committee generally support the Bill.

APPENDIX 129

Bill to provide for the Release on Probation of Offenders

Letter No. 5538/3-II dated 14th February 1938 from Secretary to the Government of Bombay, Home Department, Bombay, to Chamber.

I am directed to forward herewith a copy* of a Bill to provide for the release on probation of offenders, which has been introduced in the Bombay Legislative Council, and to request you to favour Government with the opinion of the Indian Merchants' Chamber on the Bill before the 28th February 1938.

Letter No. 774 dated 10th March 1938 from Chamber to the Commissioner of Labour, Bombay.

I am directed to refer to your letter No. 5538/3-II of the 14th February 1938 and in reply to say that my Committee have considered the above Bill and they are in general agreement with the provisions of the same.

They would, however, in this connection, like to point out that a statement of objects and reasons is not annexed to the Bill, as was the general practice in the past. In certain other Bills also of the Provincial Government, recently under consideration, a similar omission is noticeable. The provision of such a statement, my Committee submit, will be very helpful to the general public and the legislators in understanding the scope and objects of the Bill concerned. It is, therefore, requested that in future the practice of including a statement of objects and reasons in all Bills should be strictly adhered to.

My Committee also feel that in regard to some of the recent legislative measures under discussion, the time allowed to public bodies for the consideration of the same and for submission of their views is extremely inadequate. For the due fulfilment of the object in ascertaining on such measures from public bodies, it is desirable and necessary that they should

* Enclosure not printed.

also be allowed reasonable and adequate time. My Committee hope that Government will appreciate this difficulty and allow more time in future in regard to such matters.

APPENDIX 130

Rent Enquiry Committee

Letter dated 15th June 1938 from Chairman, Rent Enquiry Committee, to Chamber.

You are aware that the Government of Bombay have appointed Rent Enquiry Committee to examine whether the rentals of premises occupied by the working and the middle classes in the cities of Bombay, Ahmedabad and Sholapur are such as to require legislative intervention. The Committee desire to study the question of rent in all its aspects before they make their recommendations to Government, and with that view a questionnaire* is prepared and enclosed herewith. You will be good enough to obtain, so far as your city is concerned, the views of your Association on points stated therein with reasons for the same and forward them to the undersigned before 4th July, 1938. The Committee, if they find necessary, will also invite a representative of your Association to meet them in connection with the reply and representation received by them.

You are requested to submit 10 copies of your reply and representation.

Letter No. 2307 dated 9th August 1938 from Chamber to the Chairman, Rent Enquiry Committee, Bombay.

With further reference to your letter of the 16th June, I am directed to send to you herewith the replies of my Committee with 9 extra copies, to the questionnaire (General) issued by the Rent Equiry Committee.

My Committee have appointed Mr. Gordhandas G. Morarji (President) and Mr. Mangaldas B. Mehta, accom-

* Enclosure not printed.

panied by Mr. J. K. Mehta (Secretary) as their representatives for purposes of oral evidence before your Committee. The date and time for such evidence may please be fixed in consultation with me.

Replies to the Questionnaire issued by the Rent Enquiry Committee

FORM A

(General)

1. (*a*) The tendency of rents for working and middle class dwellings since 1st January 1929 is to go down. Both in the city proper and in suburbs, this tendency has been definitely marked.

(*b*) With regard to percentage of fall in the rents of working class dwellings, it is very difficult to point out to any general average percentage. Rents are different according to different working class buildings, and they are again different according to the different localities and situations. Working men may pay more for even inconvenient dwellings, provided they are near their places of work, as it may save them transport charges either by train or tram or bus. Proximity to woking class dwellings also ensures convenience of food, rest, etc. It is, therefore, difficult to fix up any general average percentage to show the fall in the rents of such class of dwellings.

With regard to middle class dwellings, the same is the case. The building activities in the City have been very predominant during the last few years. Th depression in several commodity markets and in the Share Bazar, and recently the vicissitudes of the political situation in the West and in the East, have all contributed to more and more money being invested in buildings. My Committee cannot say that the supply has now exceeded the demand ; but it can certainly be said that on account of the building activities and people shifting to new quarters, which may provide better amenities of life, there has been an appreciable fall in rents both for blocks of 4 and 5 rooms and for one and two room tenements.

While the working class dwellings are mostly restricted to localities near Mills, Factories, etc., middle class dwellings are found in the whole of the City and in all localities and in suburbs. The selection of particular localities for residence depends upon several factors, including the proximity to place of work, proximity to friends and relations and places of worship, etc. There are localities which are made their own by particular communities. Thus, for instance, grain dealers and grain and seeds merchants, who have come from Cutch and Kathiawar and are mostly Jains have selected Ghatkopar and other stations on the G. I. P. as their places of residence ; while people engaged in Government services or in commercial, but not shop services, are generally to be found on the B. B. and C. I. stations. The Kalbadevi, Mandvi, Bhuleshwar and the like localities are congested with middle class people, who have their places of work in different markets situated in those localities. The biggest business of the City is, as a matter of fact, carried on in those localities. Grain and seeds, piecegoods, gold and silver, etc., are all carried on there, and it is no wonder that the dwellings in those localities are hardly vacant and there has not been any appreciable fall in rents in these localities ; but even localities like some parts of Girgaum, Gamdevi, or further up in the suburbs like Dadar and Matunga and still further northern suburbs show appreciable drop in rents.

2. (*a*) Here also it is very difficult to put down any exact percentage of net return on capital invested in working class and middle class dwellings. There is a percentage of buildings which is encumbered with mortgages, either because the proprietor wants money for his business or because the buildings are not paying sufficient return and he is obliged to mortgage them for his maintenance. Generally, however, it may be said that the landlord will consider himself blessed if he gets a net return of 4 to 5 per cent interest on his capital, both for working class and middle class dwellings. It may be asked why there should be such a small percentage of return ? The answer would be that the rate of interest has fallen down both for Government securities and for com-

mercial and industrial scrips. There is also the speculative element in investment in commercial and industrial scrips; while people consider that investment in property is more or less safe and sound. They have, therefore, to remain content with lower rate of interest for investment in property. If anything is done now by Government to shake this confidence, it will lead to a heavy crash in the property market. The confidence of the public will be shaken and the last stage will be much worse than the first. This was amply shown when the Rent Restriction Act was in force. At that time, while there was some justification as the war was going on and its aftermath was in evidence for such an Act, but the present situation does not warrant any interference by Government with the economic forces which govern the rents for working and middle class dwellings. The Enquiry Committee cannot be unaware of the fact that while the Rent Restriction was in force, various ways and means were adopted to drive a coach-and-four through that Act, with the result that the tenants did not get the full benefits of the Act; nor were the landlords any the whit better for it. During the War, there was an influx of population and it was found that there was more business and more demand both for business and residential buildings than the number of such buildings in the City. It was because of this that the Rent Restriction Act was put into force and found to be necessary.

3. The general net return on investments in house property, particularly those purchased or built during the boom period, is very modest as compared with the return from other investments. It is only recently that interest on Government securities has gone down; but a glance at the dividends paid by iron and steel companies, sugar companies, and the like will show how the return from the house property compares very unfavourably with the return from all these other investments. As remarked above, there is, however, a certain element of risk with regard to trade and industrial investments and it is because of that that people would like to invest their savings which, to many of them, represent lifetime savings, and perhaps, the only income for their maintenance, in property.

4. (*a*) My Committee are definitely and emphatically of opinion that no legislation in connection with regulation of house rents is necessary at present. The Rent Restriction Act was introduced, as previously remarked, because there was the war condition and after the close of the war there were still conditions which made it necessary that some such Act should be in force. Since then conditions have vastly improved. There has been a tremendous increase in the number of buildings. The rents have gone down and there have been amenities afforded in the suburbs like telephones, electric trains, good roads, etc., which have removed many of the impediments found previously with regard to going to suburbs. My Committee cannot give too strong a warning that if there is any interference with the natural course of rents, the result will be undesirable. It will not be only the landlord class which will suffer, but also the working and middle classes for whom evidently these efforts are being made. There is a great confusion of thought with regard to landlords as a class. It is forgotten that a large number of buildings and properties is owned by widows, orphans and people who have got poor resources to maintain their properties. It has become a fashion to refer to the class of landlords as a bloated class of capitalists who are fattening on the spoils they get from the poor. What, however, about the people who own these properties and to whom a return from these properties is hardly sufficient to maintain themselves or their properties ? It must be borne in mind that the property market is one of the barometers of a city like Bombay. Anything which affects this market will affect the whole city and its business and industries ; and my Committee appeal to the Rent Enquiry Committee and to Government not to interfere with the economic laws regarding rents.

If there is legislation introduced to reduce rents, the rates and taxes of the Bombay Municipal Corporation will be greatly reduced. The Bombay Municipality even with its present big income is hardly able to cope with the requirements incessantly placed before it of more and more social work. Thus, for instance, the Municipal Corporation have sanctioned a scheme for supply of milk to children and this

alone is ging to cost not less than Rs. 5 lakhs. More Wards are going to be selected for free and compulsory primary education. About 17 centres have been selected for social work among the depressed classes. The duties and responsibilities expected of a modern city in civilised countries are coming to be more and more realised and appreciated here and the City Corporation will be called upon to foot a big additional bill for all such work, as also for the supply of amenities to the public at large. If in the face of this the Municipal revenue has to decrease, it naturally follows that social activities will have to be curtailed. Another result will be that there will be a reduction in the income-tax revenue obtained from the people in the City. It is interesting to note in support of what my Committee have already stated above that the aggregate rateable value has considerably decreased during the last decade. My Committee are appending hereto a table showing the number of buildings in Bombay, aggregate rateable value as per municipal records for all properties and the average rateable value per building (Appendix A). From this it will be seen that the total number of buildings in Bombay was 30,377 in 1928-29 and 38,716 in 1936-37 ; that the average rateable value has decreased from 4,130 to 3,439. This sufficiently shows how the economic law of supply and demand has been working silently, but steadily, all the while, and the rents have been showing a process of decrease from year to year. It is also seen from the appeals against valuation (put in here as Appendix B), that there is a large number of complaints against original assessments both under Sections 167 and 163, and the assessments have been considerably reduced, showing that the complaints must be legitimate and just. The total number of claims for drawback (given here as Appendix C) also shows that there is a very big number of claims from year to year showing how large number of houses fall vacant or remain vacant.

Public Charitable Trusts: My Committee would also draw the attention of the Enquiry Committee that there are various institutions of a charitable nature, which have invested their funds and endowments in property and which have adjusted their activities and expenditure on the basis of

income accruing from the same. Any violent change in this basis would naturally affect their activities, cripple their resources and bring about serious dislocation in the services such institutions render to society as a whole.

(*b*) The other questions do not arise.

5. (*a*) My Committee do not consider that on an average the present level of rents is high. The other questions, therefore, do not arise.

(*b*) An increase in the housing accommodation is likely to lower the level of rents, and my Committee are of opinion that in the near future the rents will be lowered down even still more, as more and more construction work will go on.

(*c*) The work of providing additional accommodation should be left to private enterprise. For working classes, however, the work may be undertaken by Government or the Municipality or the owners of factories themselves. In case of Government or the Municipality undertaking the construction of buildings, necessary safeguards should be provided to avoid the waste which was evidenced in the construction of the Development Chawls.

My Committee expect that when the Development Department Chawls will have all the amenities provided, they will attract more working classes and so there will be more working class accommodation provided, which will also tend to reduce the rents for such class of dwellings in the City.

(*d*) The effect on rents of the building activities undertaken by Government or the Municipality and other public bodies will be to lower the rents.

(*e*) My Committee have already stated that there is a danger of wastage in any work that may be undertaken by Government or the Municipality for the provision of buildings. If, however, despite this any such work is undertaken, the best way for raising funds will be by raising a Special Construction Loan which may provide a suitable interest and at the same time appeal to the imagination of the people.

6. (*a*) English and Indian calendars are used for fixing rents for working and middle class dwellings, but generally the English calendar.

(*b*) In the opinion of my Committee, rents should be fixed only according to one calendar, preferably English calendar, and this should be enforced by legislation, if possible.

General

It is usually considered that landlords are happier than others to enjoy their rent earnings without much risk or trouble ; but the landlords as a class are under several disabilities and have to undertake so many different items of work, that any additional burden in the shape of reduction in rents will surely prove the last straw on the camel's back. My Committee may be allowed to give here, for the information of the Enquiry Committee, what an average landlord has to do or is expected to do.

1. **Dealings with the Municipality :** The landlord has to deal with notices for insanitary conditions, as also for encroachments, building operations, etc. Then there are demands for drawback, refund of taxes and adjustment of proper net rateable values to be attended to. He has also to attend to notifications for vacancies, water connections, drainage connections, and payment of ground rents.

2. **Dealings with Neighbours :** The landlord has also to be on the alert regarding questions of easements and other rights and privileges.

3. **Dealings with Government :** In case of Government lands he has also to be careful with regard to matters concerning land revenue, ground rent, Toka and other claims according to the tenure of land.

4. **Dealings regarding Leasehold Lands :** In case of Leasehold lands, he has to be careful with regard to ground rent, renewal of lease, new leases, etc. It however at times happens that through little carelessness or indifference to small technical points, the landlord is heavily mulcted.

5. **Vacancies :** The increasing building activities in the City naturally creates competition in rent and large vacancies

and the landlord then has to pay careful attention to retain tenants, avoid vacancies and abscontions by tenants without payment of rents.

6. **Higher standard of maintenance:** The higher standard of maintenance of properties required by the Municipality and other public bodies again occupies a good deal of attention of the landlord. Minor repairs, major repairs, rebuildings, whitewashing, etc., takes up a lot of the landlord's time. Notices are sent to him for faulty arrangements sometimes with and sometimes without reason and he has to incur a lot of expense besides taking all possible pains to satisfy the Municipal authorities. My Committee put down all these to show the heavy annual recurring maintenance charges a landlord has to incur.

Revision of leasehold properties: The old ground rents of leasehold properties have been revised and the new rents have been fixed at a considerably higher rate. The property owners on the calculation of the present rents received consented to the higher rates. Any reduction, therefore, in the rental basis today would very adversely affect the earnings of the property owners and affect the valuation of such properties in the City which are in large numbers. My Committee would like to inform the Enquiry Committee that in recent years there have been cases found in which the landlords, being unable to pay the heavy ground rents, have been compelled to surrender properties on which they had spent lakhs of rupees. Any rent restriction, therefore, under the present circumstances, would amount to ignoring all the factors which go to build up the Property market.

Besides this, any deduction in rent will have a devaluing effect on mortgages. Both for business and for personal necessities mortgage of properties is a suitable remedy open to many landlords. As soon, however, as rents of property are reduced, they naturally have a reaction on mortgages and either it is very difficult to mortgage those properties or the mortgage will carry a higher percentage of interest and the amount given to the mortgager will be also comparatively less. Over and above all these, there are building conditions

laid down by the Municipality, the Port Trust and the Improvement Trust (now merged in the Municipality) which tend to increase the building costs of the landlord, as also to give him lesser return on his investment. Even recently there were changes in conditions regarding building regulations which have added a further burden on the shoulders of the landlord.

Slum Clearance: My Committee are afraid that that while efforts are being made to remove the congestion of certain localities in the City, general restriction of rents in the City would once again attract a large number of tenants to certain particular localities, owing to reduced rents, thus creating afresh the slums which it has been the policy both of Government and the Municipality to remove since so long.

Effect of Reduction of Rents in Chawls owned by Public bodies

In recent years reductions made by public bodies like the Municipality and the Improvement Trust in the rents of their chawls, has not shown any appreciable effect in the occupation of those chawls. A considerable number of vacancies still exist inspite of the reduced rents, and the bad debts continue to be increasing, with the result that the cost of realisation and maintenance of such properties by these bodies has gone up. Similar results will be obtained by even private landlords when undue restrictions in rents are placed on properties in the City.

Difficulties of Collection of Rents and Cumbersome Small Causes Court Procedure

The anxiety and worries of collection of rents from properties of smaller tenements like one and two room tenements to the owners are considerable in recent years. Due to unemployment and depression in trade, a considerable number of tenants have formed the practice of occupying these smaller tenements, keeping arrears of rents for some months and absconding after locking the properties. Owing

to rigid legal formalities to be followed, the landlord has to file a suit against the absconding tenant in the Small Causes Court and in doing so has to incur the cost of litigation which compared with the rent to be recovered is considerably high. The compulsory procedure of filing separate suits for ejectment and rents, is another burden on the landlord who, even after obtaining a decree, is many a time unable to realise the decretal amount, as by the time the decree is obtained the tenant has either become insolvent or absconded.

Taking all these factors into consideration, my Committee hope that the Rent Enquiry Committee will come to the conclusion that there is neither any justification nor any need for any statutory regulation of rents, and that the rates of rents should be allowed to be adjusted by factors of supply and demand.

APPENDIX—A

Rateable Value

Year	No. of buildings in Bombay.	Aggregate Rateable value as per Municipal records for small properties.	Average Rateable value per building.
		Rs.	Rs.
1928–29.	30,377	12,74,49,831	4,130
1929–30.	36,096	13,31,79,886	3,609
1930–31.	36,403	13,50,26,397	3,706
1931–32.	36,824	13,18,35,939	3,580
1932–33.	36,988	12,97,33,261	3,507
1933–34.	37,402	12,89,40,777	3,447
1934–35.	38,069	13,08,88,621	3,438
1935–36.	38,298	13,24,96,000	3,459
1936–37.	38,716	33,31,56,299	3,439

APPENDIX—B

Appeals against valuation

Year	Complaints under Section 167 of the Municipal Act, against assessments.		Assessments reduced to.	Complaints under Section 163 against original assessments.		Assessments reduced to.
	No.	Amount.		No.	Amount.	
		Rs.	Rs.		Rs.	Rs.
1931–32.	622	23,99,362 (gross)	21,58,617	7,308	5,28,64,777 (gross)	4,93,98,656
1932–33.	813	39,96,586 ,,	35,07,484	7,553	3,88,63,805 ,,	3,61,74,605
1933–34.	966	1,16,54,991 ,,	1,06,05,652	6,185	2,96,35,072 ,,	2,74,46,136
1934–35.	1,016	51,38,283 ,,	45,76,344	5,572	2,51,00,807 ,,	2,33,26,975
1935–36.	708	32,60,200 (nett)	29,15,740	4,596	2,00,38,790 (nett)	1,89,43,750
1936–37.	830	43,32,949 ,,	39,89,452	4,071	1,69,55,631 ,,	1,61,17,525

APPENDIX—C

Drawback Claims

Year	Total Number of claims for drawback.	Number of claims admitted.	Amount of rebate allowed.
1931-32.	10,357	6,447	4,12,100-14-0
1932-33.	9,746	5,756	3,63,647- 0-0
1933-34.	9,959	5,722	3,40,981- 5-0
1934-35.	10,366	6,385	3,74,698-14-0
1935-36.	10,219	6,220	3,47,601- 7-0
1936-37.	10,403	6,005	3,10,614-11-0

APPENDIX 131

Indianisation of Services in the Imperial Bank of India

Letter No. 811 dated 11th March 1938 from Chamber to the Secretary and Treasurer, Imperial Bank of India, Bombay.

The attention of the Committee of this Chamber has been drawn to the following paragraph in the speech of your Chairman, Sir Nowroji Saklatvala, at the 17th Annual General Meeting of the shareholders held in Bombay :

> "To provide for the future, 36 Indian (Second Grade) Staff Assistants have been promoted during the past year to a new First Grade, which corresponds the European Probationary Officers' grade and from which future Indian Officers will be selected, and a (European) Foreign Exchange Manager, one other (Indian) Officer and two European Probationary Officers have been appointed".

So far as my Committee are aware, the recruitment of Europeans was entirely stopped since sometime past, and this appointment of three Europeans, one European as Foreign Exchange Manager and two Europeans as Probationary Officers, appears to point out that there is some change in the policy of the Imperial Bank. The Bank, after years of strenuous agitation in the public, adopted the principle of Indianising the administration and so far as my Committee are aware the efficiency of working has not suffered through this process of Indianisation at all. There does not appear to be any reason why this policy should now be changed and recruitment of Europeans again to be started. In the year 1928, if the information of my Committee is correct, the Directors of the Bank passed a resolution to the effect that no more Britishers were to be taken up, and the Indians showed that they could be as good Bank Assistants and Bank Managers as the non-Indians. My Committee will be deeply obliged if you will be good enough to inform them as to whether the policy of Indianisation of the Imperial Bank of India has undergone any change recently, as also let them have figures of recruitment of Indians and non-Indians during the last 10 years. They will also be obliged if you will send to them a statement showing the personnel of the Staff both Indian and non-Indian and positions held and salaries earned by them.

Letter No. 1091 dated 11th March 1938 from the Managing Director, Imperial Bank of India, Bombay, to Chamber.

In reply to your letter of the 11th ultimo, the Bank's Central Board of Directors requests me to inform the Committee of your Chamber that there has been no recent change in the policy of the Bank with regard to recruitment of Officers.

2. As stated by Sir Nowroji Saklatvala in the speech to which you refer, the number of Officers in the service was reduced from 310 in 1931 to 202 in 1937 and this has been accomplished by delegating many of the duties which were previously performed by Officers to Indian Staff Assistants

(formerly known as Second Grade Assistants). For this reason no new Officers were required during the years 1930 to 1936, though a few Indian appointments were nevertheless made as an encouragement to the large body of Second Grade Assistants in the Bank. In addition to these appointments, 36 Second Grade Assistants have been promoted to a new First Grade from which future Indian Officers will be selected.

3. The fact that it has not been necessary to appoint any European Officers since the year 1929 may have created the erroneous impression that the Bank had decided against the appointment of Europeans in future but this has never at any time been the case. The aim of the Central Board is to continue to maintain as efficient a staff as possible in all grades of the service, irrespective of nationality and with due regard to establishment costs. While the desirability of progressive Indianisation is, and always has been, fully recognised, the Board is of the opinion that to cease recruitment of European Officers completely would not be in the best interests of the Bank.

4. The number of Indian and European Officers appointed in the last ten years is 14 and 14 respectively. Corresponding to the 36 Indian First Grade Staff Assistants referred to above, 5 European Probationary Officers have been appointed on five years' probation and, with full regard to the considerations indicated in paragraph 3 above, it is intended duly to augment this number as required.

5. The Board regrets that the further information you ask for is confidential between the Bank and its employees. I am, however, asked to advise you that your Committee is misinformed regarding the Directorate of the Bank having decided in 1928 to stop European recruitment.

Letter No. 1470 dated 12th May 1938 from Chamber to the Managing Director, Imperial Bank of India, Bombay.

I am directed to acknowledge the receipt of your letter of the 11th April, 1938.

It is observed in your above reply that the number of officers in the service was reduced from 310 in 1931 to 202

in 1937 and that this has been accomplished by delegating many of the duties which were previously performed by the Officers to Indian Staff Assistants. While the Indian Staff Assistants should form the recruiting ground for officers, this does not appear to have been done to any appreciable extent, as is evident from the fact that out of the 202 officers only 25, to the best information of my Committee, are Indians. It is indeed scandalous that after so many years of its existence, only 25 Indian officers should be on the cadre of the Imperial Bank out of a total of 202.

My Committee deeply regret to learn that the Bank has not definitely adopted a resolution for Indianisation of its services, as has been the common impression. If it has not done so in the past, it is high time the Board of Directors of the Bank should adopt such a resolution providing for the complete Indianisation of the Bank's services. You state in your reply that your Central Board would continue to maintain as efficient a staff as possible in all grades of service "irrespective of nationality and with due regard to establishment costs". My Committee beg to point out that it is these words "irrespective of nationality" against which a protest is made not only by them but by the whole of the Indian commercial community. When the whole trend of even the Government of India and of the Provincial Governments is to Indianise the different services, there is no meaning now in the Bank's services being recruited "irrsepective of nationality". With regard to establishment costs, the employment of Indians will, surely, tend to economise the same, and so if due regard is to be paid to the establishment costs, the policy of Indianisation must follow *ipso facto*. My Committee agree that the aim of the Central Board should be to maintain an efficient staff, but they cannot agree that the efficiency of the staff will be reduced to the slightest extent by substituting Indians for non-Indians on the cadre. In fact, Indians by now have established their reputation thoroughly for efficiency, honesty and integrity as bankers, and there is no reason whatsoever why raw youths should be imported from abroad when trained bankers are available in this country itself for engagement by the Bank. My Com-

mittee deeply deplore that your Board should be still of opinion that to cease recruitment of European officers completely would not be in the best interests of the Bank. Such a statement coming from a bank, which should be thoroughly Indian in character and outlook, shows how the Bank is removed from the real Indian sentiments and feelings in this respect.

In this connection, my Committee cannot help mentioning that, even though you have observed that the Bank has never decided against the appointment of European Officers, the trend of the policy of the Bank, just after the amalgamation, was decidedly to Indianise the services. This is clear from the following extract from the evidence of Sir Osborne Smith before the Joint Committee of the Indian Legislature on the Reserve Bank Bill, 1933 :—

> **"The Hon'ble Mr. Bijay Kumar Basu :** On this a question arises. I think there is a policy of Indianisation in the Imperial Bank ?
>
> **Sir Osborne Smith :** Yes ; very definitely".

Again, Sir Norcot Warren, in his letter to this Chamber, dated 27th February 1925, observed thus :—

> "The Governors of the Bank are aware and sympathise with the policy of Indianisation of the several services in the country and that the Bank is taking its share in the furtherance of this laudable object is I think evidenced by the information in the enclosed list".

It is interesting to note that at that time there were about 34 Indian officers in the service of the Bank, while now it appears that the number of Indian officers is only 25.

You yourself write in para 3 that it has not been necessary to appoint any European officers since 1929. In para 4 again, you observe that the number of Indian and European officers in the last 10 years was 14 and 14, respectively. This apparent contradiction can be perhaps explained by the fact that all these European officers were appointed in one year

between 1928 and 1929. If no European officers have been appointed since then and if only in the last year some European officers were appointed, my Committee were justified in coming to the conclusion that there was a departure in the policy of the Bank in making these appointments.

The raw recruits, who are imported from abroad, have generally to be trained by what you call Indian Staff Assistants. As happens in the case of the Army, even fresh and raw lieutenants and sub-lieutenants are placed superior in rank to men trained and hardened in the service and occupying the rank of Subedar-Majors ; so these raw youths, who are trained here are afterwards placed in superior grades and paid very high salaries. It is, surely, high time that all such recruitment should stop entirely. My Committee are of opinion that the new conditions given for working to the Imperial Bank, when the Reserve Bank of India was established, were mainly due to the understanding that the Imperial Bank was to institute Indianisation at a rapid pace ; and yet during all these years, as it now appears, the progress is not a happy one. No less a person than Sir James Taylor, in his speeches at the Reserve Bank, observed that any number of qualified Indians were available for service in the Banks. It is the experience of all the Indian Banks that qualified and efficient Indians are now available both for officers and lower grades, and the refusal of the Imperial Bank to move with the times in the matter of Indianisation of services is, my Committee submit, a refusal to discharge one of its fundamental functions and a slur on the Indian people in general.

My Committee hope that the Board of Directors of the Imperial Bank will be pleased to adopt the policy of Indianisation and thus to fall in line with the Government of India and the Provincial Governments who have adopted this policy for services of the State.

Letter No. 1776 dated 17th June 1938 from Chamber to the Managing Director, the Imperial Bank of India, Bombay.

I am directed to acknowledge the receipt of your letter of the 19th May, 1938, No. 1576, in reply to a letter from

my Committee regarding Indianisation of the Bank's services.

2. My Committee deeply regret that the Committee of your Central Board of Directors have thought it fit merely to record their letter, which pertained to such an important question like the Indianisation of services. In this connection, my Committee may be allowed to draw the attention of your Board to the very sympathetic attitude displayed by Sir Norcot Warren, the then Managing Governor of the Imperial Bank of India, who not only submitted a memorandum to my Committee on this very important question, but also had a special interview with them in the year 1925. My Committee cannot stress too often that the Imperial Bank of India is not an ordinary private bank, registered under the Indian Companies' Act, but is registered under a Special Act of its own, and as such there are certain duties and responsibilities attaching to it, from which the other private institutions may be held to be free. As matters stand at present, even the ordinary concerns registered under the Companies' Act are expected to conform to certain outstanding principles like the Indianisation of their staff. In fact, insistence is always placed even in the case of such private concerns, when they enjoy privileges and discharge functions of a public or quasi-public character, on their having a majority of Indians on their Boards of Directors and a majority of their shares being held by Indians. Much more so then will all such considerations apply to an institution like the Imperial Bank of India, which cannot, by any stretch of imagination, be considered as a private institution. It is, therefore, a matter of the deepest regret that your Committee should have thought it fit to close the correspondence between my Committee and the Imperial Bank, and not to send a reply to their letter, which put forward a case for Indianisation of the services of the Imperial Bank. My Committee are afraid that, instead of making the Imperial Bank more and more popular and more and more responsive to public opinion, the tendency seems to be on the other side, viz. to bring it more and more under the control of non-Indian elements and to make it more or less a foreign Bank.

3. The attention of your Board is drawn to the fact, that the Indian Central Banking Enquiry Committee, when they recommended that the Imperial Bank should be the agents of the Reserve Bank of India for a period, indicated two special conditions to any such agreement. These were:--

(1) 75 per cent of the directors of the Local Boards and a majority of directors on the Central Board should be Indians;

(2) No further recruitment of non-Indians to the staff of the Imperial Bank should be made, except in special cases and with the approval of the Finance Minister of the Government of India.

My Committee would like to know if the Central Board have any explanation to give as to why neither of these conditions has been fulfilled. It is a well-known fact that the number of Indians in the superior staff of the Imperial Bank is small, and it is freely said (but this is what my Committee desire to ascertain from you) that such number, instead of increasing, has actually diminished during the last few years. The information given by you that several Indian Staff Assistants were appointed, but that no new officers were recruited during 1930-1936, is not at all satisfactory, in view of the fact that the Staff Assistants cannot serve as substitute for officers, as "with the close of the development programme of the Bank these supervising Indian Assistants have come to be regarded as a supernumerary staff". (Vide extract from a paper submitted by the Staff Association quoted by Mr. S. C. Mitra in the Debate on the Imperial Bank of India (amendment) Bill). My Committee are given to understand that, members of this grade "have been called upon to hold equally responsible positions with Junior Officers without commensurate rights and responsibilities in the grade, pay, allowances and other benefits of the service enjoyed by the Officers. Their chances of promotion to Officers' grade are extremely meagre. In fact, the numerous and complicated divisions into water-tight compartments in the Bank's higher services are calculated to attack this very principle of Indianisation, instead of fostering it".

4. My Committee trust that it is not necessary to remind the Imperial Bank not only of the past advantages, which they have gained from their association with the Government of this country, viz. the taxpayer ; but that it may be necessary to question whether the terms and conditions, which they have received, are not in excess of what they should be merely for service to the Reserve Bank.

5. As a member in the Central Legislative Assembly pointed out, this country appears to have two State Banks, one the Reserve Bank and the other the Imperial Bank of India, and it passes the comprehension of the Indian commercial community how such a Bank can afford to treat with contempt and indifference the claims being put forward so earnestly, time after time, on behalf of the employment of Indians in the higher grades of the Bank's services.

6. You were pleased to say in your letter of the 11th April, 1938, that there had been no recent change in the policy of the Bank with regard to recruitment of officers. With regard to this, my Committee, in their last letter, pointed out several relevant facts and figures, and asked you whether under those circumstances, a change could be said to have been effected or not. To this, they have not received any reply. My Committee again revert to that same question, as it is very important and a reply to it is vitally essential in the interests of Indianisation of the Bank's services. Over and above what Sir Osborne Smith said, the Central Banking Enquiry Committee have got the following paragraph in their Report (Para 532) :—

> "The question of Indianisation of the staff of the Imperial Bank of India has been pressed before us. The Bank has already inaugurated a scheme of training young Indians which is described in the evidence of the Managing Governor of the Imperial Bank of India. We have been told that Staff Officers of the Bank are now to an increasing extent being promoted from the Assistants trained in the Bank under the probationers' scheme".

They go on to recommend that if the Imperial Bank is given in connection with its entry into the field of foreign trade finance, the special concession of being appointed the sole agent of the Reserve Bank at certain places in India, no further recruitment of non-Indians to the staff of the Imperial Bank should be made except in special cases with the approval of the Finance Minister of the Government of India. This recommendation is as strong and emphatic as it can be. Further on, in the next paragraph, they say that a few of their members urged that the appointment of the staff should in all circumstances be left solely to the discretion of the Central Board, but the majority of the Banking Enquiry Committee, inspite of this, considered that the concessions they recommended and which were referred to in the previous paragraph, justified their proposals regarding not only a majority of Indian directors but a definite restriction on the further recruitment of non-Indians to the staff.

7. In view of all these statements and utterances from responsible individuals and Committees, surely, the public has a right to expect that the Imperial Bank of India should lay down a policy, if it has not laid down already, for a complete cessation of the recruitment of any foreign element. Instead of this, my Committee are grieved to learn that the Central Board of the Bank have passed a resolution that recruitment should now be on a fifty-fifty basis as between Indians and non-Indians. My Committee would like to be assured, at once, by your Board that this report and information is not correct, for, if it is surely a grave and serious betrayal of the trust by the Imperial Bank of India.

8. While the whole machinery of Governments, both Central and Provincial, is being revolutionised in the country, the Imperial Bank think that they can stick on to their old privileged position. This is not possible, however, and my Committee trust that the Indian commercial community throughout the country will not only appeal to the higher authorities but will set up an agitation for the due recognition of the rights and privileges of Indians.

Letter No. 2330 dated 11th July 1938 from the Managing Director, Imperial Bank of India, Bombay, to Chamber.

We have to advise that your letter No. 1776 of the 17th ultimo has been duly considered by the Central Board of Directors of the Bank, who reiterate that there has been no recent change in the policy of the Bank with regard to recruitment of Officers.

2. Whatever opinions may have been expressed by others not responsible for the administration of the Bank's affairs, it has never at any time been the intention of the Bank's directorate to dispense entirely with the service of Europeans, and if you refer to an authentic record of Sir Norcot Warren's interview with your Committee in 1925 you will find that he said so without any equivocation.

3. This does not mean that the Bank is not actively pursuing a policy of Indianisation or that it is not in sympathy with the natural desire of Indians to see their countrymen occupying senior posts in its service. Such posts are now mainly held by European Officers by virtue of their seniority but there is no post in the Bank to which an Indian cannot aspire in the due course of promotion, and the recruitment of a proportion of European Probationary Officers will in no way impede the progress of those members of the Indian staff who prove themselves qualified for appointment to the higher grades.

4. In criticising the Bank's attitude towards Indianisation it would appear that your Committee does not realise the progress already made in this direction. In January 1926 the Bank's Supervising Staff consisted of 330 Europeans and 215 Indians, a proportion of 61 per cent to 39 per cent. By the beginning of the current year the proportion of Indians had been increased to 65 per cent and the proportion of Europeans reduced to 35 per cent, the Supervising Staff then comprising 181 Europeans and 342 Indians, of which number 82 Europeans and 84 Indians were Agents in charge of Branches. In addition to these figures, 143 Pay Offices and

Sub-Pay Offices were in the charge of Indians gaining business experience which will fit them for promotion when vacancies occur.

5. It will therefore be seen that the Bank has fully implemented its undertaking to train Indians for promotion to the higher grades of the service and it stands to reason that it will make full use of the material it has trained in selecting the future incumbents of its larger branches and senior executive appointments. If your Committee is still unconvinced of the Bank's sincerity in the matter, we can only suggest that advantage be taken of a personal interview at the Bank at which we shall be pleased to explain any points on which misapprehension exists.

Letter No. 2214 dated 3rd August 1938 from Chamber to the Managing Director, Imperial Bank of India, Bombay.

I am directed to acknowledge the receipt of your letter No. 2330, of the 11th July, on the subject of Indianisation of the Bank's services.

My Committee note that your Central Board of Directors reiterate that there has been no recent change in the policy of the Bank with regard to recruitment of officers. The letter which has been sent already by my Committee to you showed, with the help of facts and figures, that there was a reasonable basis to infer from the trend of recent events that the policy of the Bank with regard to Indianisation of its services had undergone an appreciable change. The authorities which were quoted by my Committee were surely not "of those not responsible for the administration of the Bank's affairs". There are again certain inferences which can be drawn and reasonably drawn in the case of institutions which are public or semi-public, and about which it is not necessary to get any proofs of any definite resolutions or set of resolutions. As the Committee of this Chamber have no entrance to any resolutions which may have been passed by the Board of Directors in the past regarding this fundamental question of Indianisation of the Bank's services they cannot quote or lay their fingers upon any exact resolution.

All that they, as a public body, can do is to point out the assertions or statements of responsible officials of the Bank or of statements made by equally responsible public Committees and Commissions.

My Committee are of opinion that instead of your Board merely contradicting the statement about the change in the policy regarding Indianisation of services, it would be better if they were to furnish a statement giving all the details, for the last 15 years of the recruitment of Indian and non-Indian apprentices, their promotions by different grades, their salaries and emoluments, the terms and conditions of their service, etc. This will be a great help to my Committee, as well as to the public in general, to appreciate the situation which now exists regarding Indianisation of the Bank's services. The particulars to be supplied may be tabulated as below :—

Year.	No. of Probationary Officers (with their salaries).		No. of Officers (with their salaries).		Total salary paid.	Remarks.
	Indians.	Non-Indians.	Indians.	Non-Indians.		
1921.						
1922.						
1923.						
upto date.						

With the above, conditions of service such as leave, house allowance, exchange allowance, family allowance, income-tax allowance, etc., may also be given.

Such a statement will be very useful and is essential for the consideration of the position of the Bank vis-a-vis the question of Indianisation of its services, and my Committee will be obliged if you will be kind enough to send to them such a statement.

You refer in para 4 of your letter to the Bank's Supervising Staff and compare the figures for 1926 and the beginning of the current year. You will kindly elucidate, for the benefit of my Committee, as to whether the Supervising Staff means clerical or officers staff. You say that the Supervising Staff consisted in the beginning of the current year of 181 Europeans and 342 Indians. Surely, these 342 Indians are not occupying the position as Officers, as the statement made in a previous letter of my Committee that there were only 25 Indians out of a cadre of 202 officers, has not been contradicted.

With regard to para 5 of your letter, unless my Committee have got a detailed statement as asked for above, they cannot say whether the Bank has fully implemented its undertaking to train Indians for promotion to the higher grades of its service. Even if Indians are being trained for promotion, it will not mean much unless they are posted as officers as soon as their period of training is complete. My Committee understand that Indians are started on Rs. 100|- per month as Probationary Officers and end at hardly Rs. 500 or Rs. 600|-, looking to their grades on the eve of retirement; while non-Indians are started on Rs. 550|- per month as Probationary Officers and reach upto Rs. 1,600|- or Rs. 1,700|- on the eve of retirement. However, all this will be clear from the detailed statement asked for above.

My Committee will write to you about the interview after they have received the above detailed statement and information, as it will be no use having any interview unless my Committee have an opportunity of studying the said statements which may be submitted to them.

APPENDIX 132

Facilities for Technical Training to Indian Students Abroad

Circular Letter dated 7th January 1938 addressed to the Member of the Central Legislative Assembly.

The Committee of the Indian Merchants' Chamber have been urging upon the Government of India from time to

time, the necessity for securing adequate facilities for Indian students for technical training in industrial factories and workshops abroad. It will be recognised that such opportunities are very necessary from the point of view of the industrial development of the country. Even the Government of India have themselves recognised this position as will be evident from the enclosed copies of correspondence which my Committee had with Government in the year 1935.

With a view to emphasising the importance of the question, my Committee had requested their representative in the Legislative Assembly to move the accompanying resolution in the House. As a matter of fact, in the 1936 Simla session, Mr. Mathuradas Vissanji, the then representative, had tabled the said resolution and although the same was ballotted, it could not be reached for want of time. In 1937 owing to pressure of non-official business Mr. Mathuradas Vissanji was not able to pursue the matter.

They have now requested Mr. Manu Subedar, their present representative, to move the said resolution at the ensuing session of the Legislative Assembly. In order, however, that the resolution may have a fair chance of being ballotted, it is felt desirable that the good offices of some more members of the House should be secured for giving notice of the same resolution. Thus if 15 or 20 members of the Assembly give notice of the resolution, the same may be ballotted in the name of one or the other and ultimately the House will be able to consider it in the session.

I am, therefore, directed to request you to be good enough to give notice of the resolution in question in your name also. As my Committee attach very great importance to this question, they hope that you will be kind enough to give them your co-operation in securing its consideration and passage at the coming session of the Assembly itself.

Letter No. 2514/33/C dated 1st April 1938 from Junior Asst. Secretary to the Government of Bombay, General Department, Bombay, to Chamber.

I am directed to forward herewith a copy of a resolution passed by the Legislative Assembly on 27th January

1938, on the subject mentioned above, and to request you to favour Government with the views of the Chamber on the desirability of Government giving effect to the recommendation contained in it.

Copy of a Resolution passed by the Legislative Assembly on 27th January 1938.

Resolution by Mr. K. G. Gokhale, M.L.A., as amended and passed

"This Assembly recommends to Government to issue instructions to all departments of Government, semi-Government bodies, Municipal Corporations and Municipalities, to insert in all contracts and agreements with all manufacturers and suppliers for the supply of stores, materials, machinery or services a clause to the effect that the manufacturers concerned and the suppliers concerned shall afford or procure, as the case may be, every facility to Indian apprentices for practical training in factories, workshops or offices, owned, managed, controlled or patronised by them so as to enable the Indian apprentices to acquire a full knowledge of the technique and work of their trade, industry, calling or profession".

Letter No. 1186 dated 14th April 1938 from Chamber to the Secretary to the Government of Bombay, General Department, Bombay.

I am directed by my Committee to refer to your letter No. 2514/33/C, dated the 1st April, 1938, and in reply to say that the resolution passed by the Legislative Assembly on 27th January 1938 regarding the need for providing facilities for Indian apprentices for practical training in workshops supplying stores to Government has their general support, and that they welcome Government giving effect to the recommendation contained in the resolution. As a matter of fact, they may be permitted to point out that this question has been engaging the attention of my Committee for a long time. In the year 1935, they addressed a letter to the Government of India pointing out the desirability of introducing such a clause in the contracts for the supply of stores. A copy of the said letter, together with a copy of the reply received from Government, is sent herewith for your information.

Subsequently, my Committee had also requested their representative in the Central Legislature to pursue the matter on the floor of the House.

Now the Provincial Assembly having expressed itself in favour of such a provision, my Committee hope that the necessary steps to implement the resolution will be taken at an early date.

In this connection, the attention of my Committee has been drawn to the fact that in the resolution as originally given notice of by some of the members, there was a provision, recommending the establishment of employment Bureaus, as under :—

> "This Assembly further recommends that the Government should initiate and establish employment Bureaus whose functions should be to open registers to record unemployment and to find suitable employment for such Indians as are suitably equipped for the particular type of work".

My Committee feel that efforts in that direction are very desirable, in view of the prevailing unemployment, and recommend that this aspect of the question may also be given due consideration in the proposals of Government to give effect to the resolution regarding training facilities.

APPENDIX 133

Inclusion of Particulars of Employment at the Time of Collecting Next Census Information

Letter No. 2581 dated 3rd September 1938 from Chamber to the Secretary to the Government of India, Department of Education, Health and Lands, Simla.

"My Committee have seen reports in the press that preparations for the Indian Census, 1941, are in progress and that the preliminary details regarding the form and method of collecting and tabulating the relevant particulars are under consideration. In this connection, they would like

to suggest to Government the desirability of making an effort to record particulars of unemployment in the country while collecting the census information. The absence of reliable statistics regarding unemployment, both educated and otherwise, had, in the past, been felt. The Government of India (Department of Industries and Labour) writing to the Provincial Governments in their letter No. 11834 dated 4th May 1937 on the subject of collection of statistics of unemployment of educated persons observed :—

". . . the Government of India are convinced that in the absence of a scheme of unemployment insurance or of some other substantial inducement to the unemployed to register, whether relating to the educated unemployed or other classes of unemployed, no reliable statistics of this character can be collected. Few will take the trouble to make a return unless they have a direct interest in doing so, and the attempts made at the last census and subsequently in one or two provinces, in this direction, yielded no results of value".

The next census affords, in the opinion of my Committee, a unique opportunity of making a concerted attempt to remove this lacuna in the vital statistics of the country. For instance, in the last census "Occupation" was one of the headings under which information was required to be tabulated. It is felt that particulars in regard to occupation may be collected under suitable headings so as to clearly show the figures of unemployment, educated, middle-class or labour class, separately ; thus throwing full light regarding total unemployment in the country and the distribution of such unemployment under the various categories.

In so far as employment statistics are concerned, efforts may also be made to collect the same under different heads such as industrial, agricultural, vocational, etc. Government will agree that if the above information is available it would be very useful and as without much extra labour or expense it is possible to collate the same at the time of the census, my Committee would request that the above suggestions be favourably considered".

APPENDIX 134

Government Recruitment and Unemployment

Copy of a letter No. L.1834, dated New Delhi, 20-1-1938, from the Government of India, Department of Labour, to all Provincial Governments forwarded to Chamber by the Government of Bombay, Political and Services Department by their Resolution No. 2212/34 dated 21st February 1938.

"I am directed to address you regarding the effect on unemployment of Government's methods of recruitment, and the consequent possibility of alleviating unemployment by alterations in the system or systems of recruitment for Government posts.

2. The relationship between Government employment and higher education in India has long been intimate. The development of education in English and the creation of Universities were stimulated largely by the need of securing suitable candidates for official appointments ; and the requirements of Government have exercised an influence over the development of education which has been increasingly deplored by many of those interested in higher education. The effect on unemployment of this relationship has received until recently much less attention ; but it has unfortunately been important.

3. The Sapru Committee on Unemployment appointed by the Government of the United Provinces commence their discussion of Government service with the following observations :—

> "Upon the evidence before us, we can entertain no doubt that the vast majority of the products of our universities—and their parents share the feeling —aim at securing some appointment or other in Government service. It is only when they fail to secure Government appointments that they think either of private service or some other profession".

The Government of India understand that this view is shared by most of those who have intimate acquaintance with univer-

sity education. So long as Government were able to absorb most of those who received a higher education, the tendency to which the Committee refer, whatever its effect on education, did not result in creating unemployment. But in recent years the position has greatly changed. Government can no longer absorb more than a small proportion of those who enter universities with the hope of obtaining it, and in consequence most of the students who emerge from the universities find themselves unable to attain the main end with which they pursued their studies. Further, it has become at that stage difficult if not impossible for many of them to find alternative employment suited to the training they have received. Thus a large number of students, who, if they had started to prepare earlier for some different form of employment, would have proved valuable members of society, find that their exertions and sacrifices, so far from enabling them to attain positions of responsibility, have made it much more difficult than it would otherwise have been for them to secure a livelihood.

4. The Government of India are compelled to recognise that these effects are traceable in a large measure to two tendencies both of which the Sapru Committee condemned. The first is the tendency to insist on certain educational qualifications and particularly university degrees as a *sine qua non* for Government service. The demand for such qualifications, which are often not essential for the adequate performance of the duties involved, has been a convenient method of keeping the number of candidates within manageable limits. The second tendency has been to fix the maximum age of recruitment unnecessarily high. The result of this is that candidates who might be adequately qualified for appointment at a pre-university age are obliged to go to the university because they have little prospect of securing posts in competition with men who are several years older and who have had the advantage of a much longer education.

5. The most obvious methods of dealing with the situation are for Government to fix as far as practicable their own standards for admission and for them to lower, wherever

possible, the age of recruitment. Both these remedies are proposed by the Sapru Committee who indeed contemplate the fixing of a pre-university age for all subordinate service. The Government of India have examined this last possibility, but they feel that there are serious difficulties in the way of its entire acceptance. There are many non-gazetted appointments in Government service which require a standard of general education and a command of English that can seldom be acquired without a university training. But the Government of India agree that the proposal of the Sapru Committee should be adopted as far as is reasonably possible. They are engaged in a general reduction of the maximum ages now applicable for admission to their non-gazetted appointments and intend to ensure that, where the requisite qualifications can be secured without a collegiate course, the maximum age should ordinarily be 19 and that in other cases the age should be 21 unless there are exceptional circumstances necessitating the recruitment of older men. They are also examining the possibility of setting up their own standards for admission.

6. While measures taken on these lines should assist in discouraging youths from pursuing careers that are not likely to prove within their grasp, they are not likely to afford any adequate solution of the difficulty. The colleges will continue to be the main avenue to the better-paid posts, and in consequence many will feel impelled to pursue a course of education which can yield an adequate material return only to the few. The exclusion from the universities of the less qualified students has been discussed by many educationists, and favoured by some ; but the Government of India do not believe that public opinion, at present at least, is prepared to support a course which would place obstacles in the way of those seeking a liberal education, even though the aspirant is likely to secure from it only a cultural gain. If this solution is inadmissible, the question arises whether Government can, by further modifications in its system of recruitment, do more to prevent the waste of talents and the frustration of hopes.

7. The Government of India believe that if it proved practicable, to hold, at a pre-university age, an examination, success in which would be an indispensable preliminary to candidature for practically all official appointments, this would have most valuable results. What they contemplate is that there should be an examination to be taken at the age of 17 which would be of a competitive character, a definite number of passes or diplomas being offered each year. The number so offered would be based on Government probable annual requirements of officials but would, of course, be substantially greater. It might amount to twice the number of the probable requirements. It would be possible, at this stage, to reserve a certain number of passes for adequately qualified candidates from minority communities. Success in the examination would give no right to a Government appointment; the ages and conditions of admission to the different services would be regulated, as at present, according the needs of each type. But failure in the examination would constitute a definite and final bar to Government service.

8. If such a scheme could be successfully operated, it should have the following results. In the first place, most of the successful candidates and their parents would know that the prospects of securing Government service were reasonably high, and could embark on the necessary study with more confidence than they can feel at present. Even those successful candidates who subsequently failed to enter Government service would be more likely than the unsuccessful to obtain private employment in a profession, and the pass itself would probably prove of assistance in securing other posts. Secondly, and this is more important, those who failed would know that they must seek other careers and would be able to specialize accordingly. Some would not proceed further with their studies, but would secure employment in spheres where further academic education was not necessary; others would pursue the special training necessary for medicine, the bar, engineering, commerce, industry, or other lines.

9. It is necessary now to consider possible objections to the scheme. These are of two kinds, theoretical and practi-

cal. The obvious theoretical objection to the scheme is that it might exclude the particularly capable boy who happens to be late in developing. There are boys who may not be near the front rank at 17 but who, given an opportunity, may develop into particularly good candidates later. To this there are several answers. In the first place experience shows that it is rare for those who do not reach the first rank at the present matriculation stage to develop to an extent that would enable them to secure superior posts at a later stage. Secondly, the number that would be successful in the examination which would cater for all but inferior posts, would be so large that any one who, a few years later, would display exceptional ability, could hardly fail to secure some place. Thirdly, the need for first class men and the opportunities open to them are not confined to Government service. Government has hitherto absorbed an undue share of the more capable men, and politics, business and the learned professions require a large and increasing share of the best talent available.

10. A second possible objection is the potential effect of the scheme on the course of education in India. There is a risk that an examination which is an indispensable test for Government employment might exercise a dominating influence on school education and curtail the freedom of schools to modify their courses and experiment with new subjects and methods in endeavours to discover the best way of equipping their pupils to take their place in life. An unsuitable examination would make this a serious risk and might even encourage instead of discouraging concentration on a purely literary education. But the Government of India believe it possible to devise an examination which an intelligent candidate, who had assimilated what must be the main subjects of any school curriculum, could face without special preparation, and one which would stimulate and encourage all true efforts of both teachers and pupils. A later paragraph of this letter outlines the kind of examination that the Government of India have in view. It may be added that the effect on higher education of greater freedom from the influence of Government's requirements should be wholly beneficial.

11. A further objection is that the proposal would involve, for those seeking entrance to Government service, an addition to the already lengthy list of examinations which students have to undergo at the present time. This objection, so far as it concerns successful candidates, is valid ; but, for many of the unsuccessful, this examination would decrease instead of increasing the total number of examinations they have to face.

12. Turning to the practical difficulties, the most obvious is that of limiting the numbers sitting for the examinations to manageable proportions. Unless special steps are taken nearly all who sit for matriculation would be tempted to present themselves for a test which offers to the successful a high prospect of Government employment and a virtual certainty of success in some professional sphere. A fee would of course be charged, but it could not reasonably be fixed at a level which would handicap the poor students.

13. The question which thus arises is whether it is desirable to have some preliminary process of selection or whether it would be possible for any organization to handle the numbers which would otherwise appear. Possible methods of selection which the Government of India have considered are (1) to limit entrance to the examination to those who have passed some other examination, such as School Leaving Examination or matriculation, and possibly to those who have distinguished themselves at that test ; (2) an arbitrary limitation of the numbers in each province permitted to sit for the examination and the distribution of the places by provincial authorities. The objections to the first method are that it would introduce a feature which the Sapru Committee condemned and which the whole system is designed to avoid, viz., the dependence of Governments on external standards and that the provinces with the lowest standards would gain an advantage in numbers. The objection to the second is that it does not remove the fundamental difficulty of selection but passes it on to the provincial authorities concerned. The Government of India would be glad to consider any alternative proposals for limiting numbers but, provisionally, they are inclined to the view

that the examination should be open to all who present themselves and pay the fee. If, as the Government of India contemplate, only one attempt was permitted for each individual, this would act as some check on the numbers appearing.

14. Even so, to carry the scheme into effect would involve the establishment of a large examining organization. Examinations would have to be conducted in all provinces and in several centres in the more important provinces ; and large numbers would present themselves at every centre, while the task of setting papers, ensuring secrecy, arranging for distribution, examining the answers, etc., would require elaborate machinery ; but the Government of India do not think that there are any insuperable difficulties in the way. Experience suggests that the expenses would be largely or entirely covered by the fees and, if at the start the numbers were very large, the keen competition and the high standard which successful candidates would have to attain would probably result, in a comparatively short time, in reducing the number of candidates.

15. A further difficulty is that of maintaining a uniform standard of examination when the test is held on an all-India basis and on the scale that would probably be necessary. Examinations of the traditional kind normally involve a large subjective element in that the results depend, to a considerable degree, on the examiners. Assessments, even by the same examiner, are apt, as recent investigations have shown, to contain a large variable element. With a large number of examiners for each subject, the variations might be serious so that the results would be far from consistent. This would be unfair to candidates, would encourage excessive numbers to appear for the examination, and would reduce Government's chances of getting the best candidates available.

16. If these objections are to be met, it appears necessary to adopt a method of examination differing from those now normally in the public examinations in India. Thus the examination might partake more of the nature of an intelligence test and the questions should be as objective as possible. Recent investigations give grounds for believing that examina-

tion papers consisting of comparatively long lists of straightforward questions to each of which there is only one brief answer which is correct would meet the need. The Government of India do not wish to reach any conclusion regarding the form of the examination at present ; that would be a matter to be considered by experts later. But they mention this as offering a possible way of surmounting an obvious practical difficulty and of devising a test which might be more suited to the needs of Government than any of the examinations now conducted in India.

17. The effect of the scheme will clearly depend, to a considerable extent, on the number of Government participating. The co-operation of all the provincial and the Central Governments in its operation and in closing recruitment to all who failed to pass the test would go a long way towards making it a complete success. On the other hand, the restriction of the scheme to central recruitment would probably deprive it of a large part of its value, as it is probable that most of those working for Government appointments have in view the provincial rather than the central field. The Government therefore hope that the provincial Governments, if they regard the proposal as intrinsically sound, will be prepared to come into a joint scheme. At the same time, the adoption, if provinces so preferred, of similar but separate schemes by provinces and the centre would not destroy the anticipated effects of the proposal, and the complete abstension of some provinces would not prevent its adoption for recruitment in others and in the central sphere. The nature of the machinery to be set up would depend on the degree of co-operation secured ; if the tests were to be common to the centre and a number of provinces, it would probably be necessary to convene a conference on which all the Governments concerned would be represented, to work out the details before setting up a permanent examination Board.

18. I am to request that after ascertaining public and expert opinion on this subject, the views of the provincial Government may kindly be sent so as to reach the Government of India not later than the 1st June 1938. The main questions are :—

(1) Is it desirable to have a competitive test, at a comparatively early age, success in which would be necessary but not sufficient condition for entrance into Government employment ?

(2) Should there be any system of restricting entrance for the test ?

(3) Are the provincial Governments prepared to adopt such a scheme and if so do they favour tests which would be common to them and the Central Government ? "

Letter No. 1173 dated 13th April 1938 from Chamber to the Secretary to the Government of Bombay, Political and Services Department, Bombay.

I am directed to refer to Government Resolution No. 2212|34 dated the 21st February 1938 and to send to you hereby the views of my Committee on the above question. Before answering seriatim the questions recapitulated in the last paragraph of the letter No. L|34 dated 20th January 1938 from the Government of India, Department of Labour, to the Provincial Governments, my Committee wish to make some preliminary general remarks on the subject matter of the question under reference. Educated unemployment has in recent years given food for thought to Governments, both Central and Provincial, and to public bodies and public men. There have been demands made in various quarters that sustained efforts should be made to tackle the problem presented by such unemployment. My Committee realise that the problem is not peculiar to India and that perhaps in many parts of the world at the present moment the matter is claiming serious attention. At the same time, it is necessary to make a sustained effort to minimise the hardships consequent upon the presence in the country of a large army of educated unemployed.

Suggestions have often been made that one of the methods of approach to the solution of this question is a re-orientation in the system of education. It has been suggested that if a vocational or industrial bias is given to the education imparted to our young men at an early stage, many of them may have

opportunities of being absorbed in commercial and industrial activities. This is a matter which is to be seriously considered and followed up. My Committee are aware that the Provincial Governments, under the new order, are in various provinces, actively examining the question of a reform in the educational system. My Committee are only mentioning these factors here with a view to point out that the present reference has not taken into consideration the problem as a whole and is only trying to deal with one aspect of the same. In the opinion of my Committee, it is necessary that the problem of unemployment should be viewed in its entirety and that before considering the question of improving the methods for recruitment to Government services, the general question of meeting the situation arising out of the prevailing unemployment conditions should be considered and tackled. The examination of the question of recruitment of Government services, shorn from the general background of the whole question, will not, in the opinion of my Committee, bring about an improvement in unemployment among educated classes. My Committee, therefore, submit that instead of taking up this question piecemeal the whole question of unemployment as such should receive the earnest attention of Governments, both Central and Provincial.

My Committee would now proceed to give their views on the specific questions set by the Government of India :

1. **Is it desirable to have a competitive test at a comparatively early age, success in which would be a necessary, but not sufficient condition, for entrance into Government employment?**

The answer to the question has again to be framed in relation to the existing condition. As my Committee have already referred to and as Government are aware, there are already a large number of educated young men in the country awaiting employment. The fixation of a maximum age limit, therefore, at this juncture would prove to be a hardship in the case of such people, thus permanently shutting them out from any chances of being absorbed in Government services, either Central or Provincial. Even if on theoretical considera-

tions, such a limit may command itself as an ideal, having regard to this practical aspect, in the existing circumstances, my Committee consider that it would be inadvisable, for the time being at any rate, to fix such a limit.

The same remarks apply equally in regard to the idea of a competitive test. It will be a hardship to the large body of highly qualified men who are already available to be forced to prepare themselves for a fresh examination and that even without any promise of a definite career in the event of success. In short, in the opinion of my Committee, the question of such competitive tests and the fixation of age limits can at best be taken up only after there is a general improvement in the employment situation in the country.

2. **Should there be any system of restricting entrance for the test ?**

In their reply to the first question my Committee have already expressed themselves against the idea of introducing the new scheme in regard to Government recruitment. If, however, ultimately Government come to the conclusion that some such scheme is necessary, the only restriction which they should impose is the passing of the Matriculation or similar examination confirming eligibility for University education. They are not in favour of any additional restrictions nor can they agree at the present moment to a restriction in the form of an age limit.

3. **Are the Provincial Governments prepared to adopt such a scheme and if so do they favour tests which would be common to them and the Central Government ?**

This question is primarily required to be answered by the Government of Bombay. My Committee would, however, make a suggestion that in case the provincial Governments are inclined to generally accept the scheme, it should do so only after consulting commercial opinion on the scheme as finally outlined and it would be desirable to have different tests for the different provinces with different standards and

methods of recruitment. The standards and conditions in the different provinces may not necessarily be the same and a uniform test may not satisfactorily work.

In conclusion, my Committee would like to point out that there are already in force in the Central Government and in some of the provincial Governments certain kinds of competitive tests and other formalities to be observed in regard to the recruitment of services. The system of Public Service Commissions and selection by such Commissions is also in operation in regard to the Central Services and some of the provincial services. My Committee do not consider that the present time is opportune for inaugurating any new examination test or method for recruitment to Government services. Perhaps after some attention has been devoted to the main question of unemployment the question of instituting a standardised scheme of recruitment may be considered.

APPENDIX 135

Appointment of a Non-Indian as Deputy Chief Commissioner to Karachi Port Trust

Telegram dated 30th July 1938 from Chamber to the Government of India, Department of Communications, Simla.

'Committee Indian Merchants' Chamber strongly protest against proposed appointment of Mr. Everret as Deputy Chief Engineer of Karachi Port Trust inspite of suitable Indians available. Such an action they submit is against accepted policy of Indianisation of Port Trust services. They regret the decision of Trustees who have overlooked the claims of qualified Indians. Committee request that Government be pleased to withhold sanction to said appointment referring matter back to Karachi Port Trust for reconsideration with a view to an Indian being appointed for the post.

APPENDIX 136

Appointment of a non-Indian as Superintendent of Insurance

Telegram dated 16th May 1938 from Chamber to the Government of India, Commerce Department, Simla.

"Committee Indian Merchants' Chamber feel extremely disappointed at the action of Government in appointing a non-Indian to the post of Superintendent of Insurance. Government have done so in utter disregard of the wishes expressed by the leaders of Indian thought, Indian commercial community and Indian insurance interests. During discussions on the Insurance Bill it was particularly urged that such a key position the duties and responsibilities connected with which having a direct bearing on the progress of Indian insurance should be held by a national of the country. It is regrettable that Government have chosen to ignore the popular wishes in the matter and have appointed a non-Indian. Recent tendency to bring in foreign experts is a matter on which the Indian Legislature expressed itself unequivocally. Instance of this kind go to strengthen the fear in the public mind that the policy of Indianisation is not being followed earnestly".

APPENDIX 137

Retired Civil Servants and Private Appointments

Telegram dated 25th May 1938 from Chamber to the Government of India, Home Department, Simla.

Attention of Committee Indian Merchants' Chamber has been drawn to announcement in the Press that Bombay Fire Insurance Association are going to appoint Sir Robert Bell, I.C.S., retired as paid Chairman. Committee hold that it is against public interests that High Executive Officials of Government should look forward to private employment at least in Provinces where they had served in high capacities. Committee hope that permission will not be accorded to him to take up this appointment under Government of India Resolution No. 1140 dated 21st April 1920.

APPENDIX 138

Bombay Disturbances Enquiry Committee

Letter dated 19th November 1938 from the Secretary to the Bombay Disturbances Enquiry Committee, Bombay, to Chamber.

I am directed to forward herewith a copy* of the questionnaire issued by the Bombay Disturbances Enquiry Committee and to state that the Committee would like to have the replies of your Chamber to all or any of the questions in which your Chamber is interested and of which it has special knowledge. The replies should reach me by the 8th December 1938.

2. I am also to request you to state the name or names of your representative or representatives who will, if necessary, appear before the Committee to support the statement sent in by your Chamber.

Letter No. 3392 dated 7th December 1938 from Chamber to the Secretary, the Bombay Disturbances Enquiry Committee, Legal Department, Government of Bombay, Bombay.

With further reference to your letter of 19th November, on going through the various questions contained in the questionnaire issued by you my Committee find that they could be replied to satisfactorily only by those who had a first-hand knowledge of the happenings on the 7th November 1938. Having regard to the fact that members of my Committee had no direct knowledge of the events connected with the disturbances, they feel that it would not be possible for them either to reply to the questionnaire or to depute representatives for the purpose of oral evidence.

APPENDIX 139

Deputation to His Excellency the Viceroy

A deputation from the Indian Merchants' Chamber consisting of the following members waited on His Excellency

* Enclosure not printed.

the Viceroy on Monday, the 23rd January 1939 :—

1. Mr. Gordhandas G. Morarji (President)
2. Mr. J. C. Setalvad (Vice-President)
3. Sir Chunilal V. Mehta, K.C.S.I.
4. The Hon'ble Sir Rahimtoola M. Chinoy, Kt.
5. Mr. Hooseinbhoy A. Lalljee, M.L.A. (Central)
6. Mr. L. R. Tairsee
7. Mr. Mathuradas Vissanji
8. Mr. Behram N. Karanjia, M.L.C.
9. Mr. A. D. Shroff
10. Mr. Chunilal B. Mehta
11. Sir Ardeshir Dalal, Kt.
12. Mr. M. A. Master
13. Mr. Mangaldas B. Mehta
14. Mr. Keshavprasad C. Desai
15. Mr. Gordhandas P. Sonawala
16. Seth Chatrabhuj Gordhandas
17. Mr. Kapilram H. Vakil
18. J. K. Mehta (Secretary).

Speech of Mr. Gordhandas G. Morarji (President), as Leader of the Deputation of the Indian Merchants' Chamber to His Excellency the Viceroy on Monday, 23rd January 1939

YOUR EXCELLENCY,

We, the President, Vice-President and Representatives of the Committee of the Indian Merchants' Chamber, offer to Your Excellency and Her Excellency Lady Linlithgow our respectful and cordial welcome to this City. In offering this welcome, we feel obliged that Your Excellency has given us an opportunity of placing before you our viewpoint with regard to some of the live commercial and industrial problems of the day. Our Chamber, during its life of 31 years, has tried always its best to place before the Governments, both Imperial and Provincial, views of the Indian commercial and industrial community,

whose representative it is, by representations, meetings with leading officials of Your Excellency's Government, public communiques, etc. We hope that the views, which we place before Your Excellency, will receive your consideration, and Your Excellency will be pleased to find out such a solution as will conduce to the best interests of the country in general and its trade and industries in particular.

Currency and Exchange

One question, about which the Indian commercial community has felt the most and has expressed itself in no uncertain terms during a period of almost half a century, relates to the policy pursued by Government regarding currency and exchange. Since 1892 onwards, this question has occupied the mind of the commercial and industrial community, and rightly so, for since the time the mints were closed and the value of the Rupee artificially inflated, the Government of India have time after time chosen to act contrary to public opinion and to tamper with the Rupee in a manner which has paralysed trade and industries of the country and which has allowed no scope for a proper national development. Even the recent history, during and since the War, has unfortunately shown how the currency and exchange policy of Government has gone counter both to national feelings and national interests. In 1920 the Rupee was pegged on to 2sh. as a result of the reactionary report of the Babington-Smith Currency Committee, and since then it saw the dizzy heights of 2sh. 10d. Your Excellency must have seen how the meddling with the exchange then led to a veritable economic disaster and things did not settle down till about 1924, when the time was ripe for bringing about a new order of things. Unfortunately, even then Government disregarded the advice of some of the foremost exponents of Indian opinion and fixed the Rupee at 1sh. 6d. in 1927. Since then through various periods of crises, the Indian commercial and industrial community, represented by all Indian Chambers of Commerce and Commercial Associations, has assiduously placed before Government its views for an urgent and speedy reconsideration of the whole position and fixing the Rupee

at 1sh. 4d. or any such lower basis, as would conform to the necessities of the times. Unfortunately, this has not been done with the result that trade and industries and agriculture have suffered immensely ; the purchasing power of the people has gone down ; industries, both large scale as well as small and cottage, have found it difficult to make any appreciable progress ; and trade and commerce have been adversely affected as is shown by the figures of the balance of trade. In view of these considerations, and in view of the demands put forward by eight autonomous Provinces, we may be pardoned if we respectfully but emphatically urge Your Excellency to give your weighty consideration to this issue and to respond to India's urgent demand by fixing the ratio at 1sh. 4d.

Protection to Industries

The policy of discriminating protection, while it has to some extent benefited industries, has never received the whole-hearted approval of the Indian commercial and industrial community, which believes that, looking to the needs of India, a policy of full-fledged protection is necessary. The leading industrial countries of the world, with vast resources of capital and science and full political powers, have no longer retained their faith in a policy of free trade or diluted protection. They have all adopted the policy of full-fledged protection for the benefit and development of their industries. India has not yet got any large scale and key industries, excepting iron and steel, coal and textile. With her onward march to her natural goal of self-government, she will require all such industries not only for making herself self-sufficient but also for her defence purposes, which are so very vital and essential now in view of the present international situation. Unfortunately, the tendency appears to be to reduce protection as much as possible, and even to take it away from industries like salt, which may well be considered to be a key industry. If such a policy is pursued, the process of Indian industrialisation will take yet a long time to be completed in its entirety.

Military Expenditure

Representatives of trade and industries as well as leading publicists and representatives of the people in the Legislature have protested against the crushing military burden which, looking to India's population, her economic resources and the state of her people, is much more burdensome than in the case of several leading countries. We realise that in the present international atmosphere it may not be possible to cut down certain vital expenditure for defence purposes, but we submit that if the Army is Indianised and if the defence is put in the hands of Indians, there may be an appreciable decrease in the military expenditure and at the same time Indians will be trained up for defending their country, an ideal which, Your Excellency will appreciate, is at once legitimate, fair and just.

Foreign Concerns in India

Our Chamber has already drawn the attention of Your Excellency's Government to the influx of several foreign companies which have tried to evade the Indian Tariff and have established themselves in this country. These concerns have got a command of a large capital and will be able to oust the existing small Indian industries from the field altogether. It has been made difficult, if not impossible, by the Government of India Act to put any restrictions and limitations upon such companies. We appeal to Your Excellency to consider this question in all its aspects, particularly as if this question remains unsolved, the industrial future of the country with all its provincial autonomy and all its progressive Governments, whether at the Centre or in the Provinces, will be as dark as, if not darker than, what it was in the past.

Indian Shipping

The observations which we have made in the previous paragraph apply, with even greater force, to the position of the shipping industry. The developments which have taken place recently do not augur well for our indigenous shipping industry, confined though it is at present to the coasting and

latterly only to the Haj trades. If older and well-established non-Indian concerns, with tremendous resources of their own, are to be allowed to crush the indigenous shipping, there is no hope for the latter and India will be bereft of her own indigenous shipping, which every country in these modern times considers essential as much for its trade and industries as for its defence purposes. With a large coastline and with her fairly good foreign trade, India can well aspire to having a place in the shipping world. And yet, except having about 22 per cent in the coasting trade, she does not have any shipping for overseas trade worth the name. We trust and hope that Your Excellency will, in your regime, take steps to assure to Indian shipping a definite position in the country's economic life, in consonance with the promises and assurances of Government given time after time.

Commercial Discrimination

We have to bring to the notice of Your Excellency, as several Indian Chambers of Commerce and even the Federation of Indian Chambers of Commerce and Industry have already done, the grave disabilities under which India has, as a whole, been placed by the sections relating to commercial discrimination as provided for in the Government of India Act, 1935. India stands in a great need of protection and measures for the development of her industries. Unfortunately, the Government of India Act has hedged her freedom round with handicaps in the form of safeguards against commercial discrimination, which are a serious limitation upon the economic Swaraj which India wants *pari passu* with political Swaraj. In fact, as the Chamber, we have the honour to represent, observed some time back, the political Swaraj will be an empty husk without economic Swaraj which should be deemed a condition precedent. We, therefore, appeal to Your Excellency for an urgent revision and modification of the clauses relating to commercial safeguards and discrimination,

Indianisation of the Services

The next question, which we should like to urge, is Indianisation of Services. This is a demand put forward by all sections of Indian opinion. It is a just, fair and equitable privilege that Indians claim for employment in the different services of the State. In the past few years, they have shown themselves capable of holding the highest offices under the Crown ; and if India is to enjoy self-Government it follows that it must find out Indians to hold the highest and most responsible offices. The recent experience of the working of all the provinces, with Provincial Autonomy, has shown how Indians have proved themselves to be capable, efficient and far-sighted administrators. Unfortunately, the principle of the employment of Indians, though accepted by the Government of India, is not fully worked out in practice, and it is because of this that we have to urge that all the services at the Centre should be thoroughly Indianised.

Trade Negotiations

We cannot help expressing our deepest regret and concern at the protracted nature of the negotiations with regard to an Indo-British Trade Agreement. It is now two years since the negotiations started, and yet an agreement has not been arrived at. We beg to request that an agreement, when it is ready, should be placed before the Legislature for their approval. These trade agreements are of an extremely important nature, affecting not only trade and commerce but also the relations between the two countries, and as such it is highly desirable that they should get the imprimatur of the Legislature before they are finally ratified. We have also to urge that all future trade agreements entered into by the Government of India should similarly be placed before the Legislature for their sanction. At present the practice is that trade agreements are signed on behalf of India by the representatives of His Majesty's Government. What is required, looking to the status of this country, is that such agreements should be signed by representatives of the Government of India themselves, after they are approved by the Legislature.

Railway Freight on Cotton

The slump in the prices for cotton is a matter for concern to all those who have at heart the interests of the grower and of the cotton trade as such. One of the steps suggested with a view to minimise the hardships has been a substantial reduction in the railway freight rate for cotton. Such a reduction was also called for by the fact that the rates are now very much higher than the pre-war rates. The refusal of Railways to respond to this demand does not recognise the duty of Railways as a national carrier, working under privileged conditions, to subserve the general economic requirements of trade, commerce and industry of the country. Fall in prices having almost doubled the incidence of the existing rates, the movement of cotton is bound to be affected, causing dislocation in trade and loss of traffic to the Railways.

In conclusion, we hope that Your Excellency will be pleased to give favourable consideration to the different questions dealt with by us today in the interests of the country at large. We also hope that Your Excellencies will enjoy your stay in this City, which is rightly called the *Urbs Prima in Indis.*

His Excellency the Viceroy's Reply

GENTLEMEN,

I am glad to see you here today, and I thank you on behalf of Lady Linlithgow and myself for the welcome you have given us to Bombay.

I listened to your address with the interest and the attention which it deserves. You mentioned in your opening remarks that you were anxious to put me frankly in possession of your views on some of the live commercial and industrial problems of the day ; and you expressed the hope that I would seek such solution of the problems on which you touched as would conduce to the best interests of India in general, and of those concerned in industries in particular.

You are in my judgment right in suggesting that the criterion to be applied in considering the answer to the many

difficult and controversial problems which you have raised should be the best interests of the country in general. I could wish that, on the question of what line of action was likely to be most conducive to the achievement of that end, our views more nearly approximated. But you have given me an opportunity, in your very full, and, I may say, very outspoken, address to deal in some little detail with a number of issues of very great importance, not only to India generally, but to those commercial and industrial interests for which you speak. I will endeavour in the short time that is available to us this morning to deal, with such particularity as is practicable, with the position in regard to those issues, and to reciprocate the frankness with which you have set your view of the case before me—a frankness which I in no way misunderstand.

You have placed in the forefront of your remarks the question of the Rupee Ratio ; and I think that it would be appropriate that I should touch on this most important question in the first place. You will, I am sure, not misunderstand me if I at once make plain that I find myself quite unable to accept your observations upon the history of this matter as an objective statement of the facts of this complicated question. While I may tell you that my own view, formed after close study of the question, is as definite as that conveyed in your address, it does not appear to me that any analysis of past history is likely today to assist us in appraising the practical issues with which we are faced. Let us then agree to differ as to the past history, while we proceed to concentrate rather on the practical aspects, which must appeal to you, as businessmen, and on the merits of the position. The vital importance of the exchange issue makes it in no way surprising that for many years past its prominence should have been so great. It is an issue, as you, Gentlemen, with your great experience, realise as fully as I do, extremely technical in character. It is not an issue that can be considered in isolation, or in terms of a single country only. The history of the 20 years that have elapsed since the end of the Great War make clear beyond any possibility of doubt the international ramifications of the currency question ; and empha-

size the essential necessity of taking no step in regard to it save after the fullest consideration, and the fullest weighing, from every point of view, of the repercussions of action in a particular sense. The history of world currency over this period has very clearly shown the uncharted reefs that confront those who endeavour to sail in these dangerous and difficult waters. That is a factor that has continually been present to me and to my Government in shaping our policy; for we carry a very great responsibility to the people of India —a responsibility that we are bound to discharge without fear or affection, without consideration of the temporary reaction on any one interest or group of the adoption of a particular course, and with the object solely of ensuring on a long view the true and best interest of the Indian taxpayer and the Indian cultivator.

Those being the considerations that have weighed with us in the past, and that weigh with us today, in the formulation and the conduct of our currency policy, I can assure you that in the decisions my Government have taken, and in the policy that we are maintaining, we have failed to take into account no material factor. Nor in reaching our conclusions have we done so without the most careful weighing of every relevant consideration, whether in India or outside India. Those conclusions, which we have again publicly stated in the last few days, are based on the widest experience and the best advice that could be obtained; and, speaking myself with a strong sense of the responsibility which rests upon me personally and upon my Government, I have no hesitation in saying that the policy to which we are working is the only one which could, on the picture as we see it, properly have been adopted by us, having regard to the necessity for giving full weight to the interests of all classes and sections in this country, and for planning on a long term basis. And I would be unfair to you, Gentlemen, if I did not, with the same frankness which you yourselves have adopted in your Address today, tell you that my Government have, as they recently made clear, no intention of allowing the lowering of the present exchange value of the Rupee; that they intend to defend it by every means in their power; and that they are

confident (a fact the significance of which will, of course, be present to you as representatives of great commercial interests) of their entire ability to maintain it.

I know that misunderstandings exist as to the effect of our present exchange policy. In a communique recently issued, which expressed the views of the Government of India, an endeavour was made to deal with certain of these misunderstandings. I will not trespass on your patience by reiterating all the points which the recent statement of my Government was designed to underline. There is, however, one point which is of particular and close interest to me personally—the effect of the present ratio on the agriculturist. I am satisfied that there is no foundation for the suggestion that the maintenance of the ratio has been disadvantageous to the agriculturist. I am satisfied, indeed, that to lower the ratio in the market conditions, internationally, of the present day, would result in no rise that matters in what the cultivator can realise for his produce ; that it would immediately and sharply increase the cost of what he buys ; and that its effect on the budgetary position of the Centre and of the provinces could not but be of a character which would injuriously affect the taxpayer, whether urban or agricultural. In face of considerations of this nature—considerations, I repeat, our conclusions in regard to which have been reached only after the most careful and prolonged examination—you will not I know be surprised that our policy is the policy which I have described to you. But I trust sincerely that, having heard my exposition of the care with which we have examined the whole position before reaching our conclusion, and the pains at which we have been to give weight to every conceivable factor, you will believe that that decision has not been lightly taken, or taken on any basis other than that of the true interest of the taxpayer, of the cultivator, and of the industrial and commercial interests of India.

I have listened with interest to your suggestion that the time has come for Government to abandon the policy of discriminating protection in favour, in your own words, of a

policy of full-fledged protection. The fiscal policy of Government in respect of India's industries is, as you are well aware, based on the principles laid down in the Resolution adopted by the Indian Legislative Assembly on the 16th February 1923. This policy has been in operation for well over a decade, and the experience gained of its working during that period appears to me to confirm the soundness of the principles on which it is founded. I am aware that divergent views exist as to the effect of that policy on the pace and extent of industrial development. But the results of that policy in its application to particular industries, the Iron and Steel, the Cotton Textile, and the Sugar industries, to name only a few, have been sufficiently impressive to justify the conclusion that further progress should be sought along lines so well tested in the past rather than in a fundamental departure from the principles which have hitherto guided Government's fiscal policy. You will, I am sure, agree with me that it is of supreme importance in a predominantly agricultural country such as India to ensure that no undue burden shall be imposed on the community as a whole as a result of a policy of protection. Avoidance of such undue burden on the general mass of consumers is of the essence of the policy of discriminating protection, and any deviation from this principle could not fail to have a most injurious reaction upon the condition of the agricultural classes, the protection of whose interests is, I am sure, both on general grounds and because of the direct and immediate reaction of the prosperity or poverty of those classes on trade and industry, a matter of as deep concern to your Chamber as it is to Government.

That, Gentlemen, is the position in its most general terms. You will share my view that a great deal has been done in the way of protection ; and I have urged that we should be wise to continue to follow the path which has hitherto given us good results rather than to embark on new and more hazardous experiments. I think it is fair, too, in considering this issue of protection, the importance of which I fully recognise, to bear in mind that one effect of its adoption has been to turn a highly elastic revenue system

into an inelastic one in which the law of diminishing returns is already strongly in operation. A consideration of a quite different character, and one that is, I know, present to you is the probability, indeed the certainty, if the demand for high protective tariffs were conceded, that foreigners would take advantage of those tariffs by establishing factories here ; and that cannot be regarded from the point of view of those who are most anxious for an increased degree of protection as a factor to be treated lightly. Speaking, however, to an audience of your great experience in the commercial world, I think that I might not inappropriately before I pass from this subject remind you (though I am sure that that consideration is one to which you are alive) of the heavy burden on the consumer, with no corresponding increase of revenue to the Exchequer, involved in a high protective duty. I do not indeed think that I should be very far off the mark if I were to estimate the real burden of the customs tariff as about double the amount of revenue it yields ; or, to put it in a different form, to suggest that the burden of that part of the tariff which is in fact protective is, as I speak to you today, of the order of 40 crores a year. I would ask you to bear in mind the magnitude of this sum in relation to the burden which the taxpayer shoulders for the defence of the country.

This brings me to the question of Military expenditure, a question, I imagine, throughout the world today of profound concern to every taxpayer and to every Chancellor of the Exchequer. I agree with you in regarding the 45 crores spent annually on Defence by India as a heavy burden. And yet I am able today to point to the fact that India is the only large country in the world in which Defence expenditure during the last fifteen years not only has not been increased, but has undergone a decisive reduction. I might perhaps remind you that in 1922 Defence estimates were 65¼ crores. Last year they were between 45 and 46 crores. Defence expenditure has indeed been progressively reduced, and that despite the altered position of the international situation, to a point at which, as you recognize yourself in the remarks you have just addressed to me, a further reduction cannot safely be made.

I wholly agree with what you say as to the desirability and the importance of the training of Indians for the defence of their country ; and no inconsiderable part of the Army is now under the process of Indianization. I would like, however, to take this opportunity to draw attention to the fact that some difficulty is being experienced in finding suitable candidates for the number of vacancies offered. Indeed, the numbers presenting themselves at the half-yearly examination are comparatively small and have been steadily declining. In the case of the Indian Navy equally, there has been a shortage of qualified candidates for Commissions. The question of how to secure a better flow of candidates for the Defence Services is under active consideration, but I fear that today there can be no question that supply is hardly equal to demand—a consideration of very direct relevance to the general principle of Indianization. Finally, it is to be remembered that the Military field is one in which long training and experience are necessary, and in which the policy we are pursuing can come in full fruition only over a period of years. It would, in my judgment, be false economy to take the risks involved in sacrificing soundness and dependability to haste.

I should like to assure you of my full sympathy with the hopes you have expressed for the continued growth and progress of the Indian mercantile marine. I need not recall to you the measures taken by my Government in different spheres of action in pursuance of their declared policy of assisting in the participation of Indian-owned shipping in India's trade, and of organizing facilities for the training of Indians for a sea career. It has been their constant endeavour, by the method of peaceful discussion and negotiation, to promote the full co-operation of all the interests concerned in the solution of their differences, and largely through their efforts important advantages have been secured in the past for Indian shipping concerns. You may rest assured that they will continue to use their good offices and their influence in furtherance of an object the importance of which they so fully realise.

You mentioned, Sir, in the course of your remarks, that in the judgment of your Chamber those sections of the Government of India Act which aim at the prevention of commercial discrimination placed India at a very material disadvantage ; and from comment in the Press and on the public platform I realise that this is an issue which attracts wide attention in many quarters. But you are familiar with the long course of argument and discussion at the Round Table Conferences, before the Joint Select Committee, and in Parliament, which preceded the incorporation of these sections in the Act, and it would be disingenuous of me to hold out any hope that the question will be held under early review.

You have expressed your concern at the delay in the conclusion of the negotiations for a new Trade Agreement with the United Kingdom. I share your regret that the range and complexity of the matters at issue and the importance of the interests affected, should have had the effect of prolonging the negotiations. But you will have seen the decision of my Government that, whatever the course or outcome of the negotiations, the Ottawa Agreement will not be continued beyond the end of the next Budget Session. You will have seen also the announcement recently made in the Legislative Assembly that any agreement reached will be placed before the Legislature for its opinion before effect is given to it. I have taken careful note of the other suggestions which you have made in regard to matters of procedure connected with the conclusion of trade agreements, and I can at once assure you that they will receive consideration at the appropriate time. On one point to which you have alluded—the desirability of such agreements being signed on behalf of the Government of India by their own representatives—I might explain that the position which you have indicated as desirable is that which already obtains in the case of agreements with other Empire countries. Where however the agreement is with a foreign country the constitutional position of India requires that it should be formally signed by representatives of His Majesty's Government in the United Kingdom.

You alluded, Sir, to the effect on the cotton grower, and on the cotton trade generally, of the slump in cotton prices, and you suggested as one step which might be taken to meet the situation a substantial reduction in the railway freight rates for this commodity. I am aware of the difficulty which faces the cotton grower, and I need not assure you of my deep sympathy with him. I am also aware of the difference between the pre-war rates and those now in force, the increase in rates having been made at a time when the cost of operation on railways had substantially increased. Improvements in the conditions of service, particularly in the case of the lower paid employees, have contributed largely to these operating costs ; and legislation within recent years affecting labour and designed to secure still further improvements tends to augment the working expenses of Railways, despite every effort for rigid economy. I cannot agree, I fear, that Railways do not recognize their obligation to assist in the development of the trade of this country. The tariffs of practically all the principal Railways are replete with rate quotations indicating the substantial reductions in the normal freight rates that have been made by individual Railways to assist in the development of trade and industry. The reluctance of Railway Administrations to reduce the freight rates for cotton is not due to any disregard for commercial interests. It is due, as I understand it, entirely to the practical consideration that any feasible reduction in these rates would, on the one hand, not result in any increase in traffic, while it would, on the other, almost certainly involve Railways in a loss of revenue approximating to Rs. $1\frac{1}{2}$ crores. I am sure you will recognize that, in these circumstances, the Railways' primary obligation for their financial stability rules out of consideration the substantial reduction which you suggest.

I have made in connection with the Indianization of the Army the point that it takes time to work up from a very low percentage to a high percentage. The same considerations apply in respect of the Indianization of the Civil Services. With the best will in the world, progress must be gradual, though progress has been very considerable indeed. I will not weary you, towards the end of a long speech, with

details. I will only say, to take the Central Services, to the position in regard to which you draw my special attention, that the number of Europeans recruited to Class I of those Central Services to which recruitment is made by the Governor-General in Council, during 1935, 1936 and 1937, is 20, 7 and 6 respectively. The number of Indians recruited for the corresponding period is 69, 44 and 56. The number of Indian officers appointed to the secretariat is bound to increase as time passes and as Indians with the requisite qualifications and of the requisite seniority become available ; and while my Government are doing all that they can in this connection, the process is one that must inevitably take time.

Gentlemen, I have, I fear, kept you for a long time this morning. But the importance of your address, which I have been so glad to receive, and the necessity of dissipating misconceptions and of making the position clear on the major issues on which you have touched in your address are my excuse. I have not hesitated to deal with the various points that you have mentioned to me in greater detail than I should otherwise have done, because I feel confident that a close examination of them would be welcome to you, and because, even though there are many points on which I have with regret found myself unable to accept your views, I am anxious that you should not be left with any feeling that I have not given them the most careful personal consideration, or that I have not done my best in the short time available to me to set out the position as I see it in regard to the matters to which you have drawn my attention. Let me in conclusion thank you again for the cordial welcome you have given me today, and for your good wishes which I greatly value.

APPENDIX 140

First Annual Dinner of the Chamber held on 25th January 1939 at the Taj Mahal Hotel

The First Annual Dinner of the Chamber was held on 25th January 1939. Over 150 members attended the dinner

and among the distinguished guests present were Mr. Bhulabhai J. Desai, the Hon. Mr. A. B. Latthe, the Hon. Mr. M. D. Gilder, the Hon. Mr. L. M. Patil, the Hon. Mr. M. M. Pakvasa, Mr. Sultan Chinoy and Sir Ali Mahomed Khan Dehlavi. The function proved to be representative of the various trades and intelligentsia of the city and the *bon homi* prevailing among those present was appreciated. The retiring President Mr. Gordhandas G. Morarji while welcoming the guests expressed the hope that this social function would be the beginning of a new phase in the life of the Chamber and would afford pleasant relief from the usual routine work. Mr. Bhulabhai Desai, leader of the opposition in the Central Legislature, reminded those present that the country was in a state of silent revolution and nobody would be so blind as to ignore the signs of the times. He asked the commercial community to share their fortunes with the working classes.

The Hon'ble Mr. Latthe, the Finance Minister, exhorted businessmen to part with some of their money to improve the condition of those living in the villages.

Speech of Mr. Gordhandas G. Morarji, President, Indian Merchants' Chamber, at the Annual Dinner

Ladies & Gentlemen,

It is for the first time during the life of this Chamber that we are meeting at a dinner to celebrate an annual social function leaving aside our serious work of considering intricate problems of trade, commerce and agriculture of this country. Looking to the response given by a large number of our members to attend this evening's dinner, I take it that the idea of organising a social function like this has been greatly appreciated by the members and has afforded a pleasant relief from the usual routine work for which we meet so often in the Committees and General Meetings during the course of the year. The pleasure of this evening's function has become still greater by the presence of many distinguished guests, chiefly among whom we see our Honourable Ministers, Sjt. Bhulabhai Desai and many others.

The idea of celebrating the Silver Jubilee of our Chamber was entertained in 1932 ; but unfortunately owing to the prevalence of the national struggle and the non-co-operation movement during 1930-32, our desire could not be fulfilled as we could not think of celebrations during a period when thousands of our countrymen were locked up in imprisonment and the political unrest was uppermost in the mind of everyone. We, however, were not discouraged, but waited for an opportunity of a favourable time, and this year when the Chamber has entered the thirty-second year of its life, we thought we could make a happy beginning of a social celebration. Tonight's dinner is, therefore, the beginning of a new phase in the life of the Chamber. Before long we shall have the pleasure of being in our own building.

Last two years have been very notable in the life of this Chamber. The realisation of responsible self-government, though not completely achieved, has come about in provinces. Never before were undertaken so many legislations and never before was seen the wonderful awakening in the country as in recent times. The old order has changed, giving place to new ; and with the advent of the new era, the industrialisation of the country has come in the forefront.

In the life of Hindu *Grihasthashramis*, practically every alternate day has come to be regarded as a sacred or important day for one reason or another. On some days they eat only once a day. On some days they fast and on some days they feast to compensate for the fast on the other days. Similarly, in the life of this Chamber during the past few months, we had, like the Grihasthashramis, to eat once a day or altogether fast and then feast the other day to compensate for the fast. On opening the newspaper every day, the commercial community was sometimes pleased to read about measures taken for the uplift of trade, commerce, industry and agriculture of this country, or watching with interest appointment of Commissions and Committees of Enquiry to ameliorate the condition of Labour and the working classes or watching with anxiety announcements regarding the world conditions which from day to day were oscillating between war and

peace or rejoicing at the achievements made by our national Ministers with their splendid work in various Provinces of India. It is in this way that we have had the "Falahar", the feast, and the fast.

Whilst you all very well know what this Chamber has been and is, I cannot help alluding to the characteristic which this Chamber has attained untill now. This Chamber has seen many changes in its lifetime and going through all these phases, it has flourished and has been recognised as the premier representative commercial institution, both by the public and Government. Public recognition does not come at once, and sometimes even comes tardily. It was, therefore, quite a welcome thing that the Chamber came to be recognised not only here but in other parts of the country within a short period of its inauguration. With regard to Government recognition, I am reminded of a funny anecdote about the recognition of a schoolboy by his teacher. This schoolboy was one of the most mischievous boys in the school. After he left the school, he had no occasion to meet his old teacher for many years. Once when he met after a long interval, he asked his teacher if he could recognise him. The teacher answered : "Of course, I do". "How"? asked the boy, with a twinkle in his eye. The teacher said, sometimes a man is recognised because he was a good and docile student and sometimes when a student was very mischievous. The student asked : "How would you put me" ? The teacher replied : "You can judge it for yourself". The recognition of this Chamber by Government is somewhat like the mischievous boy, for, Government were never in those days accustomed to strong criticism, and vehement protests. Whether it was a question of Exchange or ratio, development of Bombay or the national shipping, whether it was the question of the railway freight rate policy or taxation of people, this Chamber was always an *enfant terrible.* One of our ex-Presidents used to say that our Secretary should be presented with a Silver Badge with an inscription "I BEG TO PROTEST" to be worn on all the ceremonial occasions, as significant and symptomatic of the general attitude of the Chamber.

But so many of us have to make strange adaptations in life. People who are confirmed bachelors enter the holy wedlock. Some who are confirmed drunkards become holy *Sanyasins*. Some who are revolutionaries coo in the moderate voice, while others who have been moderates thunder in revolutionary style. Such adaptations are, however, difficult; at least not always easy.

With the installation of the National Government in Bombay, our Chamber is placed in a delicate position with regard to its policy, or rather its general attitude of protest. The situation is rendered more difficult by the Central Government being still the old-type bureaucratic Government, more or less irresponsive to the popular will. I must admit that our habit of saying "I BEG TO PROTEST" is still with us. In this connection, I am reminded of the fact that leaders of the Labour Party of England, when they came into power and became Ministers of the Crown, were, it is said, very fond of frock-coats and top-hats, which decorated the old-time Ministers. Our Ministers are, however, free from this snobbery, and in their white Khadi caps, dhotis and sandals are going about the duty of administration as efficiently as if they had been born to it and never seen the precincts of Thana, Nasik or Poona jails. At the same time, the 18-months-old Government has also been governed, to no small extent, by the traditions and conventions it has inherited from the past and the hoary and time-honoured formula of "the matter has been receiving Government's careful attention"; or "Government do not think that any useful purpose will be served by pursuing the matter further", has, on no few occasions, been received by us in reply to our letters of protest.

This is purely a social function and I do not wish to dilate upon the different economic and industrial problems which it is our lot usually to consider. We had our full say this afternoon on these questions and I am afraid that many of you will be bored if we again let loose orations on such questions.

I must, before I conclude, point out that our Chamber has, throughout all these 31 years, believed in evolution as against revolution. It is the same process which has brought about the progress of our institution from what it was to what it is now. Last week some of you must have heard the radio talk of Mr. Nanalal Dalpatram Kavi, the premier poet of Gujerat, on *Sankranti*, which was a holiday on that day. *Sankranti* means transition and it celebrates the Sun changing his direction from the South to the North. Mr. Kavi took this incident of Nature for his discourse and said that there were two schools of thought: one saying *Badalasho nahi* (Don't change); while the other saying *Aje ne Aje* (today and today: now and at once). The poet took his listeners with him in the discussion of these two rival schools of thought and said that Nature herself had provided lessons that there was a middle path between the two schools and that both these schools were wrong if their interpretation was to be carried out strictly. In the same way, Mr. Elmhirst, who has been connected with Shantiniketan for a long time, recently said that the Soviet Ambassador pointed out to him: "How fortunate you are to be able to try out your experiments on a small scale and slowly to discover the right principles before attempting application on a wider scale". It is the same process of evolution which Nature has used in her progress and we hope that our Chamber will go on still onward and onward working out its destiny for the benefit of the country.

Gentlemen, we have amidst us this evening, as I have already mentioned, distinguished guests like Mr. Bhulabhai Desai and the Hon'ble Ministers. Mr. Bhulabhai, as the leader of Opposition, has rendered distinguished services and has been of no small help to the commercial and industrial community with regard to questions that may affect them in the legislature. The Hon'ble the Finance Minister is with us. I know some of you might be afraid of hearing him on the floor of the Assembly when he will have his field day

with his Budget. It remains to be seen how he will use his shears for us for the purpose of financing the administration. I am reminded of a very ingenious advertisement of a hatter in the streets of London, which said : "My felt hats fit so as that they cannot be felt". I hope the felt hat of our Finance Minister will not be equally felt.

In our family life, it is the doctor of whom we always think in kindly terms and the same is the case with the Hon'ble the Minister for Public Health, who looks after the health of the whole province. Though his surname is Gilder, his stock-in-trade is not to give a polish to dross but to produce genuine articles. The bold fight which he has put forth against the curse of drinking and the policy of prohibition he has initiated are sure to give a new experience to the rest of the world. Perhaps no other Minister must be receiving as many abuses and praises as my Hon'ble friend, Dr. Gilder—abuses from those whom he has deprived of their easy drinks and praises from those who have been freed from the vice.

The Hon'ble Minister for Industries, Mr. Patil, who is with us and who is in charge of industries and Local Self-Government has set before him a herculean problem, the problem of the development of industries—a problem which has been rendered more difficult by the policy or, rather no policy, pursued upto recent times by the Government which preceded the present Government. We as a business body are concerned with industries, and we hope that Mr. Patil's interest in the development of industries will be such as to solve this great problem for our Province at least. As if industries is not a sufficient burden for him, he is also in charge of Local Self-Government. Our country's history of Self-Government began with Lord Ripon's Self-Government scheme and our Local Self-Government at present requires still to be closely watched and scrutinised and we may be sure that Mr. Patil with his colleagues behind him, will be able to do that.

The Minister for Public Works enjoys, perhaps a unique place in the Cabinet, he being the spoilt child of the Cabinet. It is his special privilege to do all the spending and not to have any receiving. Roads and more roads is the cry everywhere and he gives us the roads and we do not mind the cost. We do not reason out then that though we get the roads we also get a further tightening of the belt; but the ingenuous public blesses him and condemns the Finance Minister.

With these words, Ladies & Gentlemen, I again thank you all—the Guests as well as the Members for their attendance here.

APPENDIX 141

Speeches at Quarterly General Meetings

Note:—These speeches have been published with the Issues of the Journal of the Chamber for the months of May, August and November, 1938. They are, therefore, not reproduced here.

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